

Single Source Regulations Office Stakeholder Survey Spring 2022 Final Report

SSRO

Single Source Regulations Office

By Opinion Research Services

Final Report

May 2022

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Opinion Research Services

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1. Executive Summary

Background

- ^{1.1} In November 2021, Opinion Research Services (ORS) was commissioned by the SSRO (Single Source Regulations Office) to undertake research with stakeholders to:
 - Measure performance against several of its key performance indicators;
 - Understand how it is perceived by stakeholders;
 - Set the SSRO's strategic direction; and
 - Plan stakeholder engagement.
- 1.2 The research with stakeholders was conducted in two different ways:
 - An online survey that aimed to capture the views of as many stakeholders as possible.
 - In total, 270 surveys were completed between 13th January and 27th February 2022
 - In-depth interviews with stakeholders to gain more insight into the responses they provided in the online survey.
 - In total, 29 telephone interviews were completed between 11th March and 11th April 2022.

Summary of main findings

13 The following charts selectively highlight some key findings from the survey.

Overall perceptions of the SSRO

How would you rate the SSRO's overall performance over the past 2 years?

Base: All respondents (190)1

15% 575% 9%

¹ Out of 270 surveys completed, 190 respondents answered this question.

Would you say you have a more or less favourable opinion of the SSRO now than 2 years ago, or is it about the same?

Base: All respondents (172)

Lavorrable properties and the second second

same 69%

Less favourable

Which of these phrases best describes the way you would speak of the SSRO to other people?

Base: All respondents (266)

speak highly 35%

60%

5%

SSRO Values and related matters

To what extent do you agree or disagree with the following statements...? The SSRO is... (Percentage that agree)

Base: All respondents (153-203)

91% Inclusive

90% Independent

89% Fair and impartial

88% Open and transparent

88% Expert

85% Authoritative

73% Pro-active

58% Agile

Engagement

What is your overall impression of how well the SSRO has engaged with you?

Base: All respondents (226)



1%

General Relationship

How well do you feel you understand the SSRO's role and what it is aiming to achieve?

Base: All respondents (269)



62% 17%

Not at all well

Thinking about your relationship with the SSRO, to what extent do you agree or disagree with each of the following statements...?

Base: All respondents (138-178)

99%

SSRO staff are approachable and easy to work with

98%

SSRO staff work effectively and professionally

96%

SSRO staff listen to me

93%

There is sufficient continuity in the people I deal with at the SSRO

Guidance

Have you used any of the following guidance?

Base: All respondents (248)

Allowable costs

66%

The baseline profite rate and its adjustment

66%

Reporting and DefCARS user guidance

65%

Referrals procedures guidance

11%

To what extent do you agree or disagree that the ... guidance is clear and applicable?

Base: All respondents who have used each type of guidance (24-160)

Referrals procedures guidance
96%

Baseline profit rate and its adjustment 90%

Allowable costs **85%**

Reporting and DefCARS user guidance **76%**

Key Performance Indicators (KPI)

- ^{1.4} To inform their 2022-25 Corporate Plan, the SSRO have 9 Key Performance Indicators (KPI's) that are derived from questions in the 2022 Stakeholder Survey. Of the 9 KPI's, 6 scored above their target value and 3 scored below their target.
- All three of the KPI's that were lower than their target related to the Defence Contract Analysis and Reporting System (DefCARS)². The percent of users satisfied with DefCARS as the platform for submitting reports was 3 percentage points lower than its target, the percent of MOD users satisfied with DefCARS as a tool for monitoring and analysing reports and data was 17 percentage points lower than its target and the percent of MOD users satisfied with the usefulness of DefCARS data was 18 percentage points lower than its target (the lowest performing KPI).

² The statutory requirements for contract and supplier reporting are introduced by the Defence Reform Act 2014 and defined in the Single Source Contract Regulations 2014. The Defence Contract Analysis and Reporting System (DefCARS, the system) is an online, web-enabled system which facilitates submission of statutory reports to the SSRO and MOD.

Table 1: Key Performance Indicators

KPI	Measure	Target	Result	Performance
1c	Stakeholders are satisfied with assistance provided by the SSRO.	90%	96%	Higher
2a	Stakeholders solve single-source problems aided by or using the solutions identified by the SSRO	Pass/Fail	82%	Pass
2d	Percent of stakeholders who agree SSRO's pricing guidance is useful in agreeing contract prices that support VFM & fair and reasonable prices	75%	82%	Higher
3a	Users find reporting guidance clear, applicable and helps meet reporting requirements	75%	76%	Higher
3b	Percent of stakeholders who agree the SSRO's pricing guidance is clear and applicable	85%	88%	Higher
4d	Percent of MOD users satisfied with the usefulness of DefCARS data	75%	57%	Lower
5a	Stakeholders consider the SSRO engages well	90%	93%	Higher
7a	Percent of users satisfied with DefCARS as the platform for submitting reports	75%	72%	Lower
7b	Percent of MOD users satisfied with DefCARS as a tool for monitoring and analysing reports and data	75%	58%	Lower

2. Project Overview

Background

- Opinion Research Services (ORS) was commissioned by the SSRO to undertake research with stakeholders to:
 - Measure performance against several of its key performance indicators;
 - Understand how it is perceived by stakeholders;
 - Set the SSRO's strategic direction; and
 - Plan stakeholder engagement
- ²² This report presents the findings from this survey under the following main topic headings:
 - General relationship;
 - Overall perceptions of the SSRO;
 - Engagement;
 - Guidance;
 - SSRO values and related matters;
 - DefCARS; and
 - Additional comments

Methodology

- ^{2,3} The research with stakeholders was conducted in two different ways:
 - An online survey which aimed to capture the views of as many stakeholders as possible.
 - In-depth interviews with stakeholders to gain more insight into the responses they provided in the online survey.

Online survey

1,307 email invitations to complete the survey were successfully sent on 13th January 2022 (37 emails were bounced). Two additional batches of invites were sent, meaning a total of 1,359 people were invited to participate. The cut-off date for completing the questionnaire was 27th February 2022. 242 complete responses were submitted and 28 partially completed records have also been included, yielding a response rate of 20%. For context, in 2020, there was a 23% response rate (1,121 email invitations; 256 complete responses), whilst in 2018, there was a 34% response rate (271 email invitations; 92 complete responses). In ORS' experience, a response rate of 20% or higher is good for this type of survey, which proves that stakeholders are keen to engage with the SSRO and provide their feedback.

The tables that appear without commentary overleaf show the overall profiles of the responses to the survey, as well as the profiles of Stakeholders and DefCARS users separately. Please note that the figures may not always sum to 100% due to rounding.

Table 2: Respondent type - All Respondents (Note: Figures may not sum due to rounding)

Respondent type (Overall)	Number of respondents	% of respondents
Stakeholders	77	29
DefCARS Users	193	71
Total	270	100

Table 3: Type of organisation - All Respondents (Note: Figures may not sum due to rounding)

Type of organisation (Overall)	Number of respondents	% of respondents
Industry	123	46
MOD	145	54
Not Known	2	-
Total	270	100

Table 4: Position within organisation – All Respondents (Note: Figures may not sum due to rounding)

Position within organisation (Overall)	Number of respondents	% of respondents
Chairman/Executive/Director	23	9
Senior Management (for MOD: B grade and above)	79	29
Management (for MOD: C and D grade)	129	48
Junior/ Other level	38	14
Not Known	1	-
Total	270	100

Table 5: Length of time involved with the SSRO - All Respondents (Note: Figures may not sum due to rounding)

Length of time involved with the SSRO (Overall)	Number of respondents	% of respondents
Less than 1 year	42	16
1 - 3 years	77	29
3 years or more	148	55
Not known	3	-
Total	270	100

Table 6: How often engaged with SSRO – All Respondents (Note: Figures may not sum due to rounding)

How often engaged with SSRO in last 2 years (Overall)	Number of respondents	% of respondents
Once	29	13
Two or three times	90	40
Four or five times	42	19
Between six and ten times	33	15
More than ten times	33	15
Not Known	43	-
Total	270	100

Table 7: Type of organisation – Stakeholders (Note: Figures may not sum due to rounding)

Type of organisation (Stakeholders)	Number of respondents	% of respondents
Industry	20	52
MOD	35	45
Other	2	3
Total	77	100

Table 8: Position within organisation – Stakeholders (Note: Figures may not sum due to rounding)

Position within organisation (Stakeholders)	Number of respondents	% of respondents
Chairman/Executive/Director	20	26
Senior Management (for MOD: B grade and above)	36	47
Management (for MOD: C and D grade)	16	21
Junior /Other level	5	6
Total	77	100

Table 9: Length of time involved with the SSRO – Stakeholders (Note: Figures may not sum due to rounding)

Length of time involved with the SSRO (Stakeholders)	Number of respondents	% of respondents
Less than 1 year	7	9
1 - 3 years	14	18
3 years or more	55	71
Not Known	1	-
Total	77	100

Table 10: How often engaged with SSRO – Stakeholders (Note: Figures may not sum due to rounding)

How often engaged with SSRO in last 2 years (Stakeholders)	Number of respondents	% of respondents
Once	3	5
Two or three times	19	31
Four or five times	12	19
Between six and ten times	14	23
More than ten times	14	23
Not Known	15	-
Total	77	100

Table 11: Type of organisation – DefCARS users (Note: Figures may not sum due to rounding)

Type of organisation (DEFCARS users)	Number of respondents	% of respondents
Industry	83	43
MOD	110	57
Total	193	100

Table 12: Position within organisation - DefCARS users (Note: Figures may not sum due to rounding)

Position within organisation (DEFCARS users)	Number of respondents	% of respondents
Senior Management	46	24
Management	113	59
Junior/ Other level	33	17
Not Known	1	-
Total	193	100

Table 13: Length of time involved with the SSRO - DefCARS users (Note: Figures may not sum due to rounding)

Length of time involved with the SSRO (DEFCARS users)	Number of respondents	% of respondents
Less than 1 year	35	18
1 - 3 years	63	33
3 years or more	93	48
Not known	2	-
Total	193	100

Table 14: How often engaged with SSRO - DefCARS users (Note: Figures may not sum due to rounding)

How often engaged with SSRO in last 2 years (DEFCARS users)	Number of respondents	% of respondents
Once	26	16
Two or three times	71	43
Four or five times	30	18
Between six and ten times	19	12
More than ten times	19	12
Not Known	28	-
Total	193	100

In-depth interviews

- At the end of the online survey, respondents were asked if they would be willing to take part in an indepth interview for a more detailed discussion of their views on the SSRO. 29 respondents said they would be willing to do so, and ORS completed telephone interviews with them between 11th March and 11th April.
- ^{2.7} Of the 29 respondents who took part in an in-depth interview, 14 were DefCARS users and 15 were Stakeholders. Of the 14 DefCARS users who took part, seven were MOD and seven were Industry, whilst for the 15 Stakeholders, 13 were Industry, one was MOD and one was classified as Other. In terms of the stakeholder split, we were, of course, restricted to the pool of respondents who agreed to further research, and of the 16 who did so, only two were MOD one of whom was ultimately unable to take part.

Structure of the Report

- ^{2.8} This report presents the quantitative findings and a selection of qualitative responses from the survey. In terms of the qualitative findings, the responses reported here gave a diverse range of stakeholders the opportunity to comment in detail on the SSRO's performance in many areas.
- Verbatim quotations are used, in indented italics, for their vividness in capturing recurrent and representative or otherwise important points of view. Sequences of quotations in the text are typically from a range of contributors, not several quotations from a single person. As far as possible, by using quotations, we have tried to let the stakeholders speak for themselves.
- ^{2.10} In respect to the qualitative findings, the views expressed might or might not be supported by available evidence; that is, they may or may not be accurate as accounts of the facts. ORS cannot arbitrate on the correctness or otherwise of people's views when reporting them. This should be borne in mind when considering the findings.

Interpretation of the Data

^{2.11} The study was not designed to provide a statistically representative set of results for all stakeholders. As such, the quantitative results presented here have not been weighted and the report refers to 'respondents' rather than 'stakeholders' when discussing quantitative data.

- - 2.12 Notable differences between groups or between surveys have been highlighted throughout the report.
 - 2.13 Some charts and tables display the percentage point difference in results between surveys. Where a * is shown next to the percentage point difference this indicates that the difference is notable.
 - ^{2.14} Percentage results for some questions or sub-groups of the population should also be interpreted with some caution, given their small base sizes.
 - ^{2.15} Please note that where percentages do not sum to 100 and proportions of charts may not look equal, this is either due to rounding, the exclusion of 'don't know' categories, or multiple answers. Data has also not been weighted.
 - ^{2.16} In some cases, figures of 2% or below have been excluded from graphs.
 - 2.17 Graphics are used extensively in this report to make it as user friendly as possible. The pie charts and other graphics show the proportions (percentages) of respondents making relevant responses. Where possible, the colours of the charts have been standardised with a 'traffic light' system in which:
 - Green shades represent positive responses
 - Yellow and purple/blue shades represent neutral responses
 - Red shades represent negative responses
 - The darker shades are used to highlight responses at the extremes. (E.g. 'very satisfied/very dissatisfied)

Comparison between surveys

^{2.18} Where possible throughout the report, comparisons have been made to both the 2020 and 2018 SSRO Stakeholder Surveys. These comparisons are obviously useful in terms of understanding the change in views over time, but it is important to flag those changes could also be a consequence of speaking to different population profiles. It is also important to note that unlike the 2020 and 2018 surveys, certain questions are asked about respondent's experiences during the previous 24 months rather than the last 12 months as was done previously, so some comparisons must be treated with caution.

Acknowledgements

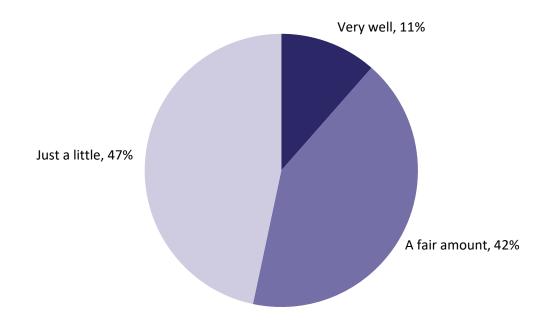
2.19 ORS would like to thank Peter Regan and Colin Sharples for their help and assistance. We would also like to thank the 270 people who took part in the survey and 29 people who took part in the interviews, without whose valuable input the research would not have been possible.

3. General Relationship

Familiarity with SSRO

- Over half (53%) of respondents feel they know at least a fair amount about the SSRO, with **Stakeholders**, those who have been **involved with the SSRO for 4 years or more**, and those who have **engaged with the SSRO more than 6 times in the last 2 years** more inclined to say this.
- The opposite is true for **DefCARS users**, those at **junior/other level**, those who have been **involved with the SSRO for less than 2 years**, and those who have **engaged with the SSRO only once in the last 2 years** i.e. they were more inclined to say they know just a little about the SSRO.
- When compared with the 2018 and 2020 surveys, the proportion of respondents who feel they know just a little about the SSRO is notably higher 47% in 2022, 39% in 2020, and 22% in 2018.

Figure 1: How well, if at all, do you feel you know the SSRO?

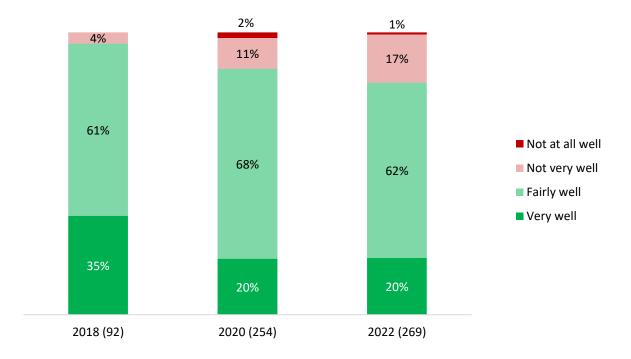


Base: All respondents (270)

Understanding of SSRO's role and objectives

- Around 8 in 10 (82%) respondents feel they understand the SSRO's role and what it is aiming to achieve, which is notably lower when compared with the 2020 survey (88%) and 2018 survey (96%).
- Respondents who were **Stakeholders** and **senior managers** were more inclined to say they understand the SSRO's role and what it is aiming to achieve. This is also true for those who have **engaged with SSRO more than 10 times in the last two years.** Conversely, **DefCARS users** and **managers** were less inclined to say they understood the SSRO's role and what it's aiming to achieve.

Figure 2: How well do you feel you understand the SSRO's role and what it is aiming to achieve?

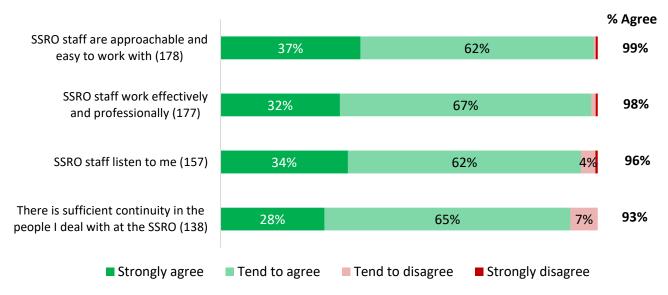


Base: All respondents (Number of respondents shown in brackets)

SSRO Staff

- 3.6 Respondents were provided with four statements about SSRO staff and asked to what extent they agree or disagree with each of them.
- 3.7 The majority of respondents agreed with each of the statements, with 'SSRO staff are approachable and easy to work with' seeing nearly complete agreement (99%) and 'There is sufficient continuity in the people I deal with at the SSRO' having the lowest level of agreement (93%).

Figure 3: Thinking about your relationship with the SSRO, to what extent do you agree or disagree with each of the following statements...?



Base: All respondents (number of respondents shown in brackets)

- The charts below and overleaf show how the responses for these questions vary across different subgroups of the population who agree with the statements regarding SSRO staff.
- 3.9 Respondents who were **DefCARS users** tended to agree with the statements 'SSRO staff listen to me' and 'there is sufficient continuity in the people I deal with at the SSRO' whilst **Stakeholders** tended to disagree. Respondents who had a **junior level role** were also more inclined to agree that 'SSRO staff listen to me' and that 'there is sufficient continuity in the people I deal with at the SSRO'.

Figure 4: Thinking about your relationship with the SSRO, to what extent do you agree or disagree with each of the following statements...? SSRO staff work effectively and professionally; chart shows the proportions who agree

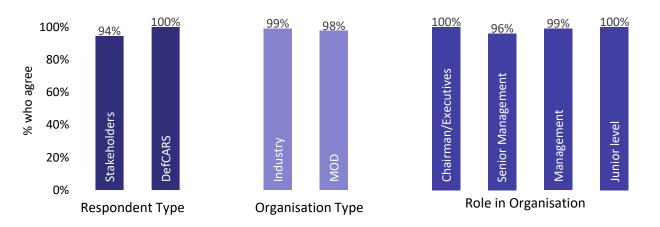


Figure 5: Thinking about your relationship with the SSRO, to what extent do you agree or disagree with each of the following statements...? SSRO staff are approachable and easy to work with; chart shows the proportions who agree

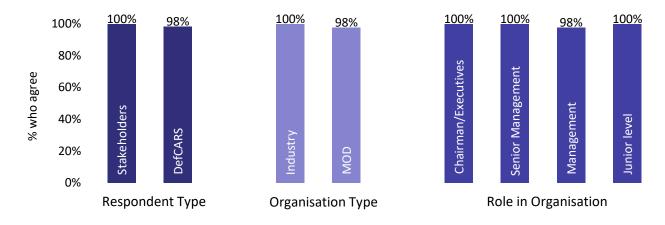
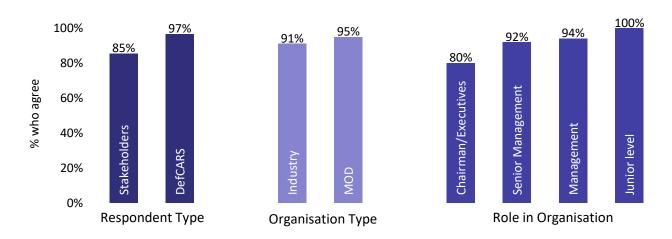


Figure 6: Thinking about your relationship with the SSRO, to what extent do you agree or disagree with each of the following statements...? SSRO staff listen to me; chart shows the proportions who agree



Figure 7: Thinking about your relationship with the SSRO, to what extent do you agree or disagree with each of the following statements...? There is sufficient continuity in the people I deal with at the SSRO; chart shows the proportions who agree



3.10 The proportion of respondents who agree with each of the statements about SSRO staff has increased since 2020 and 2018. The statement "SSRO staff listen to me" has again seen the largest increase (8 percentage points).

Table 15: Thinking about your relationship with the SSRO, to what extent do you agree or disagree with each of the following. statements...? (comparison to with 2018 & 2020 stakeholder surveys)

Thinking about your relationship with the SSRO, to what extent do you agree or disagree with each of the following statements?	SSRO Stakeholder Survey 2018	SSRO Stakeholder Survey 2020	SSRO Stakeholder Survey 2022	Difference between 2020 – 2022 (%)
SSRO staff are approachable and easy to work with	89%	93%	99%	+6%*
SSRO staff work effectively and professionally	88%	94%	98%	+4%*
SSRO staff listen to me	74%	88%	96%	+8%*
There is sufficient continuity in the people I deal with at the SSRO	84%	90%	93%	+3%

^{*}Difference is particularly notable

In-Depth Interviews

Relationships between stakeholders and the SSRO

3.11 Several stakeholders felt that relationships between their organisation and the SSRO are good, largely due to the latter's helpful, engaging and responsive staff - and the way in which they have attempted to build positive connections with Industry in particular.

"I've very much had a positive experience working with them since our contract was originally awarded back in 2016 and it hasn't changed. I've always thought very highly of them and thought they were helpful, and while there's been some turnover, they continue to hire people who are engaging and helpful... I've never had an issue with anyone at the SSRO not responding or getting back to me on a query" (Manager, Industry [Stakeholder])

"...I think they've built up those relationships with Industry members... From the early days... we've built up better relationships, engagements have continued..." (Manager, Industry [Stakeholder])

3.12 As alluded to above, a relatively high turnover of staff within the SSRO – especially at senior level – was thought to affect the building of positive relationships to some degree, though it was largely agreed that the organisation tries to minimise disruption as much as possible.

"They've had quite a lot of change at the very top; their CEO seems to have changed quite a few occasions over the last three or four years. But the main team below that I think have been more consistent..." (Chief Executive/Executive Director/Director General/Director, [Stakeholder])

"I think there is reasonable continuity. We have got senior members who have left or are leaving, but I think they do their best to keep consistent" (Senior Manager, Industry [Stakeholder])

- 3.13 One senior stakeholder was more negative though, suggesting that while they have good relations with the more junior SSRO staff they deal with on a day-to-day basis, more suspicion and less willingness to engage has been evident at a senior level.
 - "... It's once you get to the senior level where they, for whatever reason, have decided that what we are saying is not right; that we are saying it for reasons which are not to do with helping them... and therefore it just does not sink in. We never get to talk to them, all we do is talk to the people one or two levels down who come back saying, 'Yeah, we couldn't get them all to agree to that'..." (Senior Manager, MOD [Stakeholder])
- 3.14 The new SSRO Chair (Hannah Nixon) was commended for the way in which she is building relationships with both the MOD and Industry. As a result, these relationships were now said to be less confrontational and more constructive. Moreover, the outgoing Chief Operating Officer was said to have been instrumental in creating a more "collegiate" atmosphere among the relevant partners.

"There have been some real improvements on the ground, mainly driven by the outgoing Chief Operating Officer... about properly talking to us and understanding and recognising that most of the time if we're saying something it's not because we've got some grand plan to undermine the authority of the SSRO... It's because we really want this thing to work. So, they are more collegiate" (Senior Manager, MOD [Stakeholder])

4. Overall Perceptions of the SSRO

Key Performance Indicator

Over 9 in 10 (93%) respondents who have engaged with the SSRO feel that the SSRO has engaged with them well, which is higher than the target of 90%.

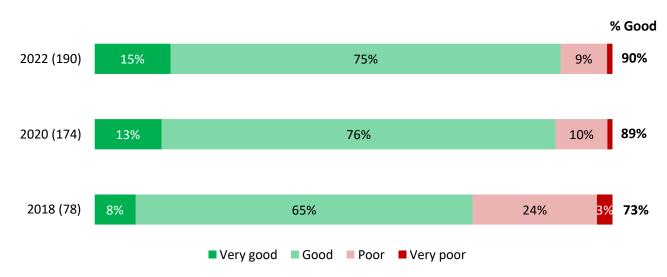
Table 16: Key Performance Indicator 5a

Measure	Target	Performance
Stakeholders consider the SSRO engages well ³	90%	Higher (93%)

Overall performance

^{4.2} Around 9 in 10 (90%) respondents rate the SSRO's overall performance as good over the last 24 months which is a percentage point higher than in 2020 (89%) but much higher when compared with 2018 (73%).

Figure 8: How would you rate the SSRO's overall performance over the past 2 years?⁴



Base: All respondents (Number of respondents shown in brackets)

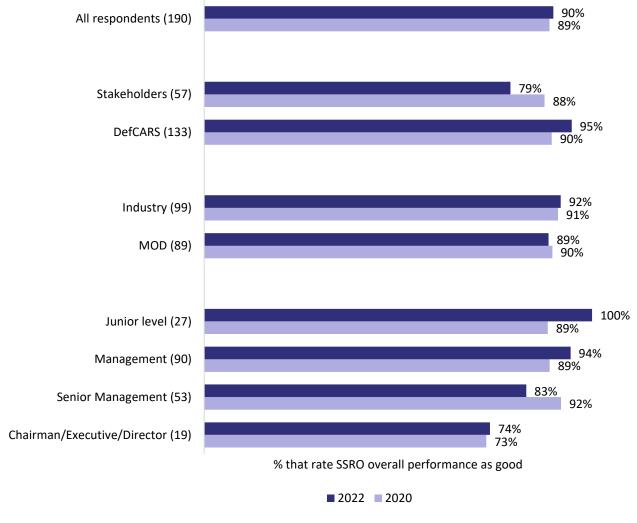
- ^{4.3} **DefCARS users**, and those in **management** and **junior/other level** roles are more inclined to rate the overall performance of the SSRO over the past 24 months as good. Conversely, more **Stakeholders** were inclined to rate the performance as poor.
- 4.4 These subgroup differences are more evident in 2022 than they were in 2020. While 95% of DefCARS users now rate the SSRO performance as good (up 5 percentage points) the percentage of Stakeholders

³ KPI 5a is from Q9 – What is your overall impression of how well the SSRO has engaged with you?

⁴ In prior years this question was asked in relation to the last 12 months so comparison should be done with caution.

rating performance as good has dropped to 79% (down 9 percentage points). Figure 9 shows how these differences compare to 2020.

Figure 9: How would you rate the SSRO's overall performance over the past 2 years? Analysis by subgroup⁵

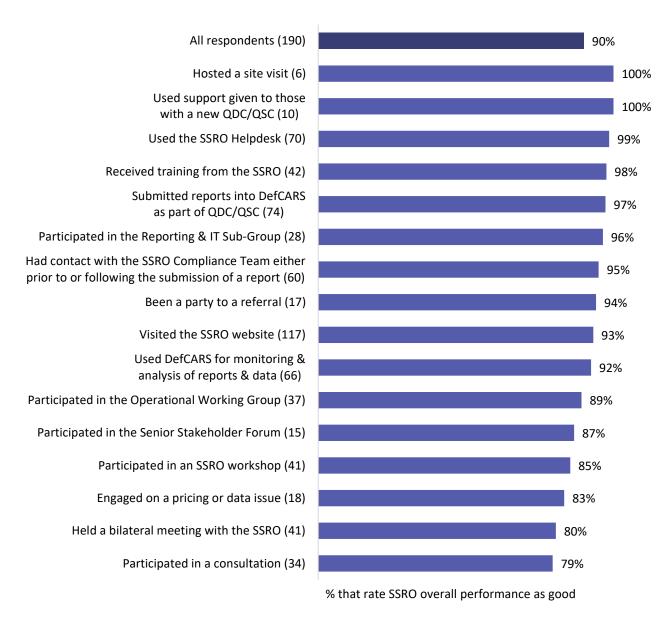


Base: All respondents (number of respondents in 2022 shown in brackets)

⁵ In 2020 this question was asked in relation to the last *12 months* so comparison should be done with caution.

4.5 As in 2020, respondents who received training from the SSRO or used the SSRO help desk were more inclined to rate the SSRO overall performance as good over the last 24 months. Similarly, respondents who submitted reports into DefCARS as part of QDC or QSC reporting requirements were also more inclined to rate the overall performance as good.

Figure 10: How would you rate the SSRO's overall performance over the past 2 years? Analysis by engagement type

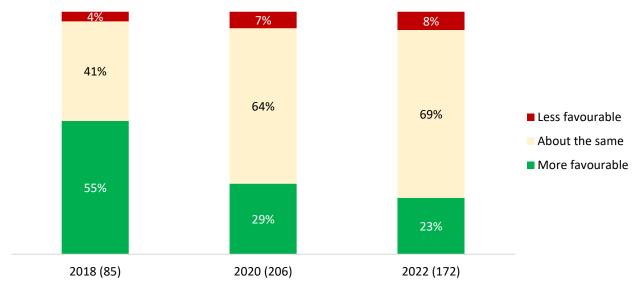


Base: All respondents (number of respondents shown in brackets)

Change in favourability in the last 2 years

- ^{4.6} Around a quarter (23%) of respondents have a more favourable opinion of the SSRO now than 2 years ago. Nearly 7 in 10 (69%) say their opinion has not changed, whilst fewer than 1 in 10 (8%) have a less favourable opinion.
- 4.7 Figure 11 shows that the 2018 and 2020 surveys displayed higher percentages reporting their opinions of SSRO are 'more favourable'. Given consecutive surveys showed reasonably high percentages of respondents reporting their opinions of SSRO are more favourable, it is understandable that the percentage reporting that their opinion is more favourable would decrease over time as positive opinion cannot increase indefinitely. Because of this, fewer people answering 'more favourable' does not necessarily mean that fewer people feel positive about the SSRO. Perhaps more importantly, the proportion who responded 'less favourable' remains small.
- ^{4.8} **Stakeholders** were more inclined to say that their opinion of the SSRO had become less favourable with over 3 in 20 (16%) stakeholders reporting their opinion is less favourable (double the overall level), whilst those **working in Industry (27%)** were more inclined to report a more favourable opinion when compared to those who **work in the MOD (18%)**.

Figure 11: Would you say you have a more or less favourable opinion of the SSRO now than 2 years ago, or is it about the same?6



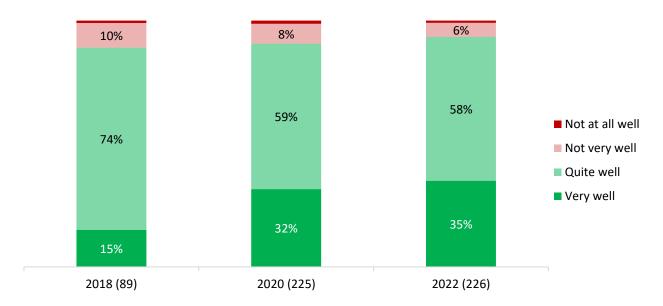
Base: All respondents (Number of respondents shown in brackets)

⁶ In prior years this question was asked in relation to the last *12 months* so comparison should be done with caution.

How well SSRO has engaged with stakeholders

4.9 Over 9 in 10 (93%) respondents who have engaged with the SSRO feel that the SSRO has engaged with them well, this is a slight increase on the 2020 survey (91%) and 2018 survey (89%). A high percentage of respondents with the impression that the SSRO had engaged well with them was observed across all the subgroups.

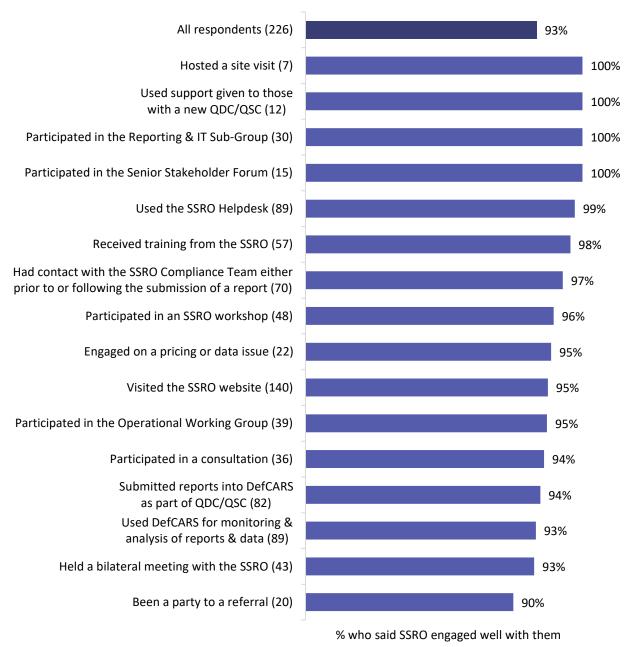
Figure 12: What is your overall impression of how well the SSRO has engaged with you?



Base: All respondents who have engaged with the SSRO (Number of respondents shown in brackets)

4.10 Respondents who participated in the reporting and IT sub-group, received training from the SSRO, or used the SSRO helpdesk were more inclined to say the SSRO engaged with them well, although it's important to note that all engagement types scored highly (i.e. 90% or more).

Figure 13: What is your overall impression of how well the SSRO has engaged with you? Analysis by engagement type

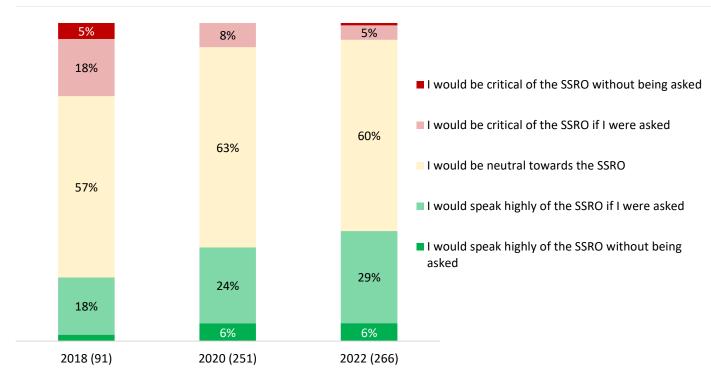


Base: All respondents who have engaged with the SSRO (number of respondents shown in brackets)

How respondents would speak of the SSRO to other people

- When asked how they would speak of the SSRO to other people, over a third (35%) said they would speak highly of them. 1 in 20 (5%) would be critical, whilst three fifths (60%) would be neutral.
- ^{4.12} When compared with the 2020 survey, the proportion of respondents who said they would speak highly of the SSRO is 5 percentage points higher while the percentage who would be critical is 3 percentage points lower. Given this is the second consecutive survey where this has been observed it is perhaps an indication that stakeholders are views of the SSRO have been improving over this period.

Figure 14: Which of these phrases best describes the way you would speak of the SSRO to other people?



Base: All respondents (Number of respondents shown in brackets)

Differences by sub-group

- ^{4.13} The table below shows how the responses for this question vary across different sub-groups of the population. To give an indication of which sub-groups felt more positively about the SSRO, the proportion who would speak critically of the SSRO was subtracted from those who said they would speak highly. These findings demonstrate that:
 - Nearly all subgroups are more positive about the SSRO than in 2020.
 - DefCARS users are 10 percentage points more positive than Stakeholders.
 - There have been high levels of improvement among respondents who engage a lot with SSRO between 2020 and 2022

Table 17: Which of these phrases best describes the way you would speak of the SSRO to other people? Analysis by sub-group.

Sub-group	Speak Highly	Be Critical	Difference	2022 - 2020 Change
Overall (266)	35%	5%	29%	+8%
By respondent type				
DefCARS Users (190)	36%	4%	32%	+8%
Stakeholders (76)	32%	9%	22%	+6%
By type of organisation				
Industry (122)	30%	3%	27%	+2%
MOD (142)	39%	6%	32%	+10%
By position within organisation				
Chairman/Executives (23)	39%	4%	35%	+26%
Senior Management (78)	35%	8%	27%	+5%
Management (126)	36%	6%	30%	+7%
Junior/Other Level (38)	29%	0%	29%	+7%
By how often engaged with SSRO				
Once (29)	34%	0%	34%	+1%
Two or three times (87)	31%	3%	28%	-1%
Four or five times (42)	50%	7%	43%	+16%
Between six and ten times (33)	45%	0%	45%	+30%
More than ten times (33)	39%	18%	21%	+27%
By length of time involved with SSRO				
Less than 1 year (41)	39%	0%	39%	+11%
1 year or more but less than 3 years (76)	36%	4%	32%	+5%
3 years or more (146)	34%	8%	26%	+11%

"All in all, I would say our interaction with the SSRO has been positive; they've been very helpful" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"Whenever I've engaged with the SSRO they've been incredibly helpful. When I've had any particular challenges or issues, they've... sorted things out" (Senior Manager, MOD [DefCARS User])

"I very much feel like the SSRO is a collaborative organisation. My perception is they want to follow regulation, but they also want to work with customers and suppliers..." (Manager, Industry [Stakeholder])

"... They were really keen to be part of our training and to facilitate that... they're very keen to get involved and to help" (Senior Manager, MOD [DefCARS User])

"I've always come across them as a very professional organisation... They've tried to interact with people in Industry to get their views and they've listened to their concerns... I think they do go through quite a good process to ask people in Industry what they feel about rules and get them to listen... They do go out professionally to consult with people and the meetings are always well organised" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"I just appreciate how willing they are to engage with Industry, and their response to Industry requests. So, they're not only asking for input; they're also responding, and usually if it's feasible within the system with the tool, implementing those changes... it's very much a collaborative environment and I think they do a good job working with Industry" (Manager, Industry [Stakeholder])

"... If in doubt I ask them a question... I think others in Industry just try to do it with the MOD, and not involve the SSRO... Some feel they don't listen to what Industry is saying, but if I have a question, they're usually very good at coming back. Or they'll refer you to the appropriate place in the legislation... I don't think other Industry communicate in the same manner. I noticed in a call last week... It's like they're treating SSRO as somebody they can't speak to, but they are approachable" (Senior Manager, Industry [Stakeholder])

4.14 The last quotation above highlights an apparent reluctance to engage with the SSRO among some in Industry due to a perception that it is unapproachable and does not listen. This was corroborated by a few others who said they would be critical of the SSRO, and who suggested that the organisation needs to be less defensive, more questioning and open to others' views, and more confident in its own decisionmaking.

"... it is more the ability and confidence to ask questions they don't know the answer to... before they have made up their mind what the answer is, or could be, or should look like. The questioning is genuinely to find out the answer to something..." (Senior Manager, Industry [Stakeholder])

.... being a lot less defensive and being prepared to listen to people, particularly people who are. fundamentally on their side about the things that they need to do to improve... I talk to people all the time and I'm confident enough in what I do or do not know about this regime to be able to listen to them and then make up my own mind. I worry that they think that by talking to people, they don't have the confidence to know they're not being led astray" (Senior Manager, MOD [Stakeholder])

- 4.15 Much of this was thought to stem from a lack of knowledge and experience of defence (and other commercial contracting) among SSRO staff. Indeed, this was one of the key themes raised at this stage of the interviews, as the typical quotations below demonstrate.
 - Where it falls down is their level of knowledge and experience in the field that we are dealing with; so MOD procurement and contracting... Whilst they may have progressed from day one, there's still an awful long way to go to have a full understanding. For me to be able to speak more highly of them, on interaction they're highly professional, very engaging. They answer very quickly, are very friendly, so no complaints there whatsoever. I think it's their knowledge and expertise in the fields is probably the lacking elements" (Manager, Industry [Stakeholder])
 - "... I'd be critical because, in essence, they don't have the expertise they need in order to achieve the role that was envisaged for them... The SSRO actually have a massive amount of power if they are called upon. But they're not getting called upon, because I find it very hard to convince [myself and others] that calling upon them would bring sensible outcomes" (Senior Manager, MOD [Stakeholder])

"Perhaps it's a question of experience and skills... A lot of them are probably economists, lawyers, without experience of working in the industry. Quite often when we engage with them, it does feel like they don't understand the basics of manufacturing, running a business, how cost accounting systems work... It's not necessarily that they're not trying to be independent, it's just they do not have that experience and that knowledge. It's really important they acknowledge that, and they do as much as they can to understand and to gain experience" (Manager, Industry [DefCARS User])

"I think they lack defence experience and it's something we talk about a lot in the Industry groups. So, sometimes when we have particular issues or particular questions, they can't answer it in context because they lack that context, they lack that industry experience. They will answer a question and they're always very helpful and they'll be very structured, and they'll go back to exactly what it says in the regulations and try and explain it, but they lack that ability to translate it into, 'This is what it means for you, for a business in the defence industry'. So, yes, they're helpful, they're polite, they will engage but they just lack that understanding that adds the real value..." (Senior Manager, Industry [Stakeholder])

"It's understanding the implication of what it really means for Industry. And not just defence Industry, it's just general commercial Industry. So, Industry has to make a profit otherwise shareholders will go away and invest their money somewhere else... They don't always understand that, because if they've never worked in Industry that whole 'every pound means something' doesn't compute in quite the same way. So, it's that lack of just Industry as well as defence experience" (Senior Manager, Industry [Stakeholder])

"I think they've made inroads in attempting to become more knowledgeable, gaining some expertise in the defence industry and our contracting processes... you can see some movement, but I think there should be more... So, the one thing I would want to reiterate is the concern over the levels of knowledge of the defence industry, the contracting mechanisms, the way the projects run... whilst understanding they need to keep a level of independence. But having a greater level of understanding is probably not something to miss" (Manager, Industry [Stakeholder])

4.16 In order to overcome this, some participants suggested that the SSRO should hire more staff with the right experience and second more of its own staff into the MOD and Industry to enhance their understanding of the sector.

"Really, it's just having people at the heart of the organisation who understand two things: one, pricing, but two, the reality of the dynamic between the government and the defence industrial supply base. Better, more open recruitment; being more open to having people who are ex-MOD or ex-Industry; and starting right at the top, making sure you've either got the people with that expertise, or the people who recognise that expertise in others" (Senior Manager, MOD [Stakeholder])

"My interaction with the SSRO at every level; they are very professional, very courteous, very timely, appear to be very knowledgeable on the SSCR legislation. I think one area where there may be... a skills gap [is] they're very heavily legally or accountancy centric. I think it would help to have more individuals that have got a commercial contracting background either coming from the defence industry, or the Ministry of Defence, or a combination of both. So, you get a perspective from both parties. I think that would take the SSRO to a different level..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"... They should be trying to second their people into both the MOD and the defence contractors, and get some of the right people from those organisations into the SSRO for brief periods... as a means of encouraging an exchange of ideas etc." (Chairman/Non-executive Director, Other [Stakeholder])

4.17 More and better quality training for SSRO staff to enhance their sector knowledge was also suggested by a couple of stakeholders – as was the need for better recruitment processes to attract the right people.

"I know they've put in their corporate plan that they want to increase their industry knowledge and one of their KPIs is around number of training days, but it's the quality and the content of that training... it needs to be the right sort of training" (Senior Manager, Industry [Stakeholder])

"... Unfortunately, some of the knowledge they need to apply is... hard to do unless you've recruited people from jobs in Industry. So, their recruitment needs to be different. The Chief Operating Officer is being recruited at the moment, and Industry experience is not a requirement, it's a desirable skill... it's worrying they're not classing that as required. So, knowledge and experience they can address through training or recruitment" (Senior Manager, Industry [Stakeholder])

4.18 Mixed views were in relation to value for money. A couple of stakeholders were positive, suggesting that SSRO is beginning to cost less in itself and is enabling the Government to understand its supply chain and where money is being spent. A couple of others were less optimistic, stating that they were yet to see levels of savings that justify the organisation's costs.

"I have heard in most spheres that the government has at least benefitted from knowing what their supply chain is... where the money is being spent" (Manager, Industry [Stakeholder])

"They cost the taxpayer a little bit over £6 million a year, and they've been going now for seven years. So, that's about £40 million worth. I just find it very hard to look at the products there, and the impact that they've had, and reconcile" (Senior Manager, MOD [Stakeholder])

"Has the SSRO really tackled the issue of what defence contractors charge the MOD? The underlying costs. I have no evidence to see if they have or not... The MOD has never had enough firepower... to get beneath the surface of what was going on [and] we need to be doing far more of that. It would pay for itself many times over..." (Chairman/Non-executive Director, Other [Stakeholder])

4.19 In terms of adding value, one interviewee gave the following specific suggestion.

"People have written books and built careers on studying the... relationship between government and defence industries. There's a huge opportunity to add value there, and the SSRO has the space and resource to do it in the way that we can't. One, because we haven't got the resource; but two, more importantly, we work for the Government... So, I think there is a unique role that they could play, if they got the right people with the right expertise who are frankly let off the leash... so people who have spent all their years in the MOD raving about the fact that short-term political imperatives get in the way of long-term value for money. Or people at Industry who have said, '...I couldn't believe some of the things they were letting us get away with'. I think there'd be a real opportunity to carve out something good and high value there" (Senior Manager, MOD [Stakeholder])

4.20 One other particular issue raised was that SSRO can sometimes seem to be on the side-lines, rather than on the "pitch" arbitrating between the MOD and Industry – as highlighted in the following example.

"At the moment we're in tri-lateral meetings looking to update the rules of Industry. MOD are content with rules... they can see the problems with the current rules, and they think they've got adequate protection, but SSRO are like a sea anchor behind MOD saying, 'No, we don't think that's enough'... It's interesting, you think they'd be somewhere on the pitch between MOD and Industry but no, they are outside... Industry often has to sit back and let the MOD argue for a position which is driving towards where we sit. It's quite a surreal place to be" (Senior Manager, Industry [Stakeholder])

5. Engagement

Key Performance Indicators

Over 9 in 10 (93%) respondents who have engaged with the SSRO feel that the SSRO has engaged with them well, which is higher than the target of 90%.

Table 18: Key Performance Indicator 5a

Measure	Target	Performance
Stakeholders consider the SSRO engages well ⁷	90%	Higher (93%)

The proportion of stakeholders satisfied with the assistance provided by the SSRO was over 9 in 10 (96%), 6 percentage points higher than the target of 90%.

Table 19: Key Performance Indicator 1c

Measure	Target	Performance
Stakeholders are satisfied with assistance provided by the SSRO ⁸	90%	Higher (96%)

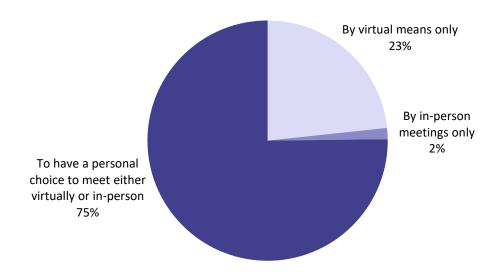
⁷ KPI 5a is from Q9 – What is your overall impression of how well the SSRO has engaged with you?

⁸ KPI 1c is the average percent satisfied of Q14, Q16, and Q17. Q14 - How useful or informative have you found the training you've received from the SSRO? Q16 - How satisfied were you with the assistance provided (in general) by the SSRO helpdesk? Q17 - How satisfied were you with the 'onboarding' assistance and support provided by the SSRO when you first entered into a QDC or QSC?

Future engagement

- Respondents who have engaged with the SSRO were asked how they would prefer to engage in the future.
- Three quarters (75%) would like to have a personal choice to meet either virtually or in-person, whilst around a quarter (23%) said they wanted to engage by virtual means only. Only 2% said they would prefer in-person meetings only.
- Respondents who are **DefCARS users** and **those working in the MOD** were more inclined to say they would like to engage by virtual means only in the future.

Figure 15: Looking to the future, how would you prefer to engage with the SSRO?

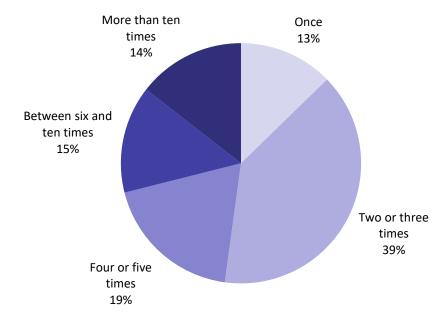


Base: All respondents who have engaged with the SSRO (133)

Frequency of contact

- ^{5.6} Respondents who have engaged with the SSRO were asked how often they have engaged (approximately) with them in the last 2 years. Around an eighth (13%) had engaged with SSRO only once in the last 2 years, two fifths (40%) engaged 2 or 3 times, with under a fifth (19%) saying they have engaged four or five times. 15% engaged between six and ten times and another 15% engaged more than ten times.
- 5.7 Respondents who are DefCARS users, who have a management role and those working in the MOD were more inclined to say they have engaged with the SSRO only once. Stakeholders were more inclined to say they engaged more than six times in the last 2 years.

Figure 16: How often have you engaged (approximately) with the SSRO in the last 2 years?

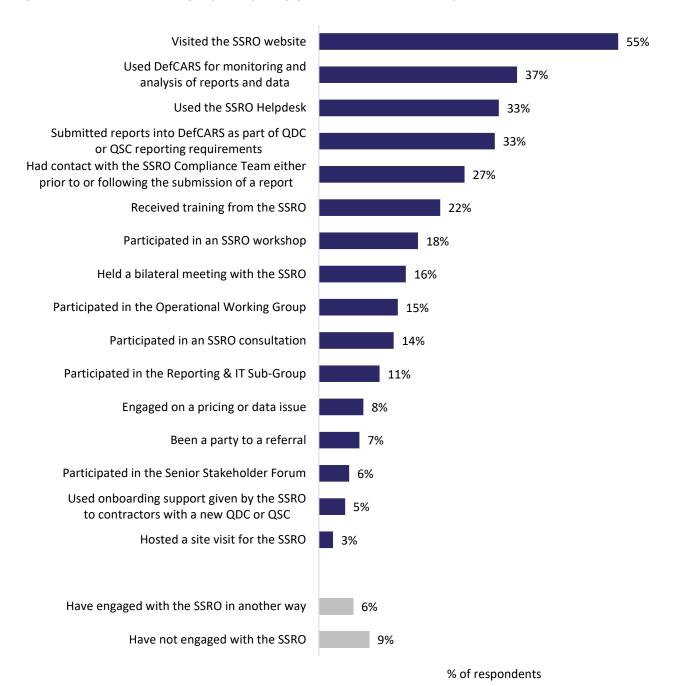


Base: All respondents who have engaged with the SSRO (227)

How stakeholders have engaged with the SSRO

- 5.8 When respondents were asked about how they have engaged with the SSRO in the last 2 years, the most common response was visited the SSRO website (55%). This was also the most popular answer in 2020 and in 2018. However, percentage selecting this option has decreased (63% in 2020 and 84% in 2018).
- Less than 1 in 10 (9%) reported not engaging with the SSRO. Around 1 in 20 (6%) respondents engaged in another way, the most frequently given other way was engaging in a 'pilot programme/study'.

Figure 17: In which of the following ways have you engaged with the SSRO in the last 2 years?



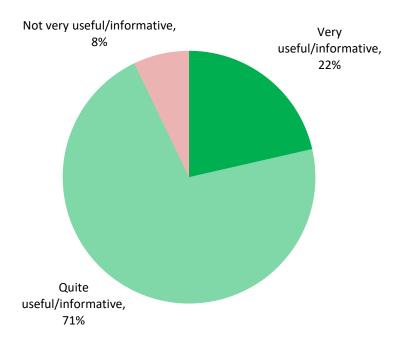
Base: All respondents (267)

How well SSRO has engaged with stakeholders

Senior Stakeholder Forum

- 5.10 Around 1 in 20 (6%) respondents had participated in the Senior Stakeholder Forum. **Stakeholders**, those in a **Chairman/Executive/Director** role, and those who work in **industry** were more inclined to have taken part in the Forum.
- Of the 14 respondents that took part in the Forum, 13 (93%) found the Forum useful/informative while 1 (7%) did not find the Forum useful/informative⁹.

Figure 18: How useful or informative do you find the forum?



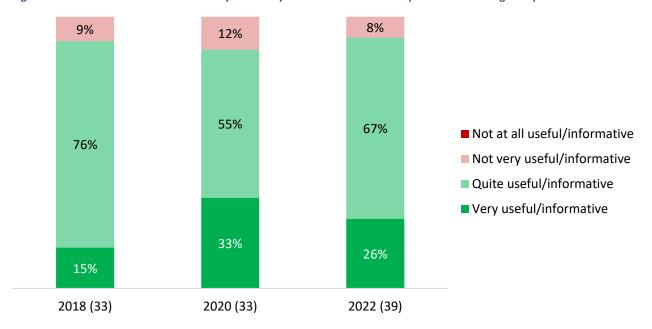
Base: All respondents who participated in the Senior Stakeholder Forum (14)

⁹ Caution must be exercised when interpreting this result due to the small base size.

Operational working group

- 5.12 Around 3 in 20 (15%) respondents have participated in the Operational Working Group.
- Over 9 in 10 (92%) of these respondents found it useful/informative, which is in line with both the 2020 (88%) and 2018 surveys (91%). Less than 1 in 10 (8%) found the Operational Working Group not very useful/informative.

Figure 19: How useful or informative have you found your involvement in the Operational Working Group?

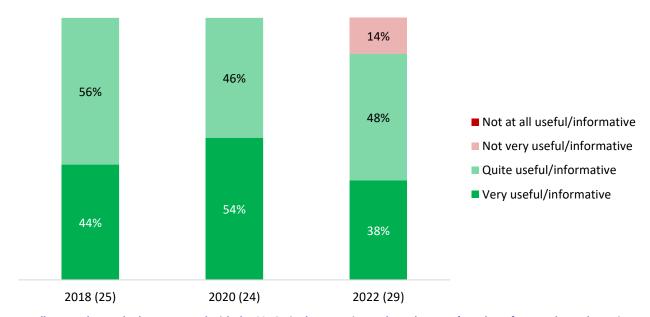


Base: All respondents who have engaged with the SSRO via the operational working group (Number of respondents shown in brackets)

Reporting and IT Sub-group

- ^{5.14} Around 1 in 10 (11%) respondents have participated in the reporting and IT sub-group, with **Stakeholders** and those working within industry more inclined to do so.
- 5.15 Almost 9 in 10 (86%) of these respondents found the Reporting and IT Sub-group useful/informative, which is lower than in the 2020 and 2018 surveys where all (100%) respondents found it useful/informative.

Figure 20: How useful or informative have you found your involvement in the Reporting & IT Sub-Group?

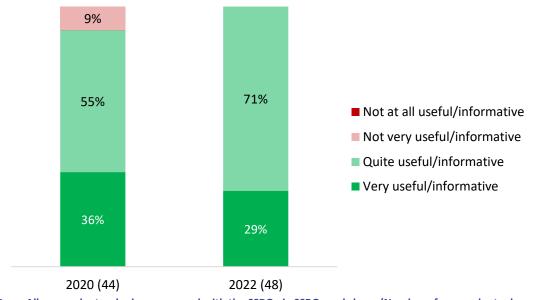


Base: All respondents who have engaged with the SSRO via the reporting and IT sub-group (Number of respondents shown in brackets)

SSRO workshops

- Around a fifth (18%) of respondents have participated in an SSRO workshop. Respondents who were **Stakeholders** or have **senior management** roles were more inclined to have taken part in a workshop.
- All (100%) of these respondents found the SSRO workshops useful/informative, a slight increase on 2020 when 91% of respondents found the workshops useful/informative.

Figure 21: How useful or informative have you found SSRO workshops?

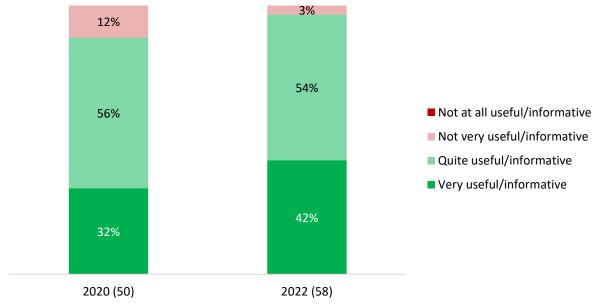


Base: All respondents who have engaged with the SSRO via SSRO workshops (Number of respondents shown in brackets)

SSRO training

- 5.18 Over a fifth (22%) of respondents have received training from the SSRO. Respondents working for the MOD or in management roles (for MOD: C and D grade) were more inclined to have taken part in SSRO training.
- 5.19 Nearly all (97%) of these respondents found SSRO training useful/informative, an increase on 2020 where just under 9 in 10 (88%) found SSRO training useful/informative.

Figure 22: How useful or informative have you found the training you've received from the SSRO?

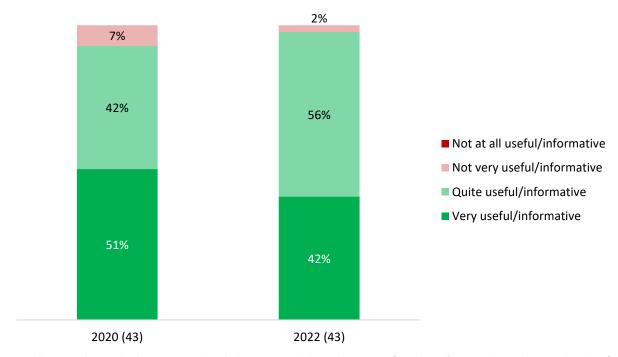


Base: All respondents who have engaged with the SSRO via training (Number of respondents shown in brackets)

Bilateral meetings

- Around 3 in 20 (16%) respondents have participated in bilateral meetings, with **Stakeholders**, those working in **industry** and those with **Chairman/Executive/Director** roles were more likely to do so.
- Nearly all (98%) of these respondents found them useful/informative which is a slight increase on 2020 where around 9 in 10 (93%) respondents found the bilateral meeting(s) useful/informative

Figure 23: How useful or informative did you find the bilateral meeting(s) that you held with the SSRO?

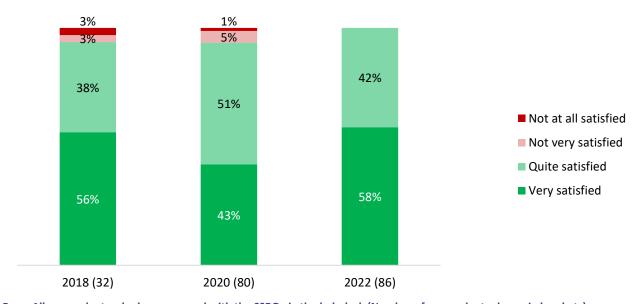


Base: All respondents who have engaged with the SSRO via bilateral meetings (Number of respondents shown in brackets)

SSRO helpdesk

- A third (33%) of respondents have used the helpdesk, with **those working within industry** and with **junior level roles** more inclined to do so.
- 5.23 All (100%) of these respondents were satisfied with the SSRO helpdesk which is the higher than the 94% seen in the 2020 and 2018 surveys.

Figure 24: How satisfied were you with the assistance provided (in general) by the SSRO helpdesk?

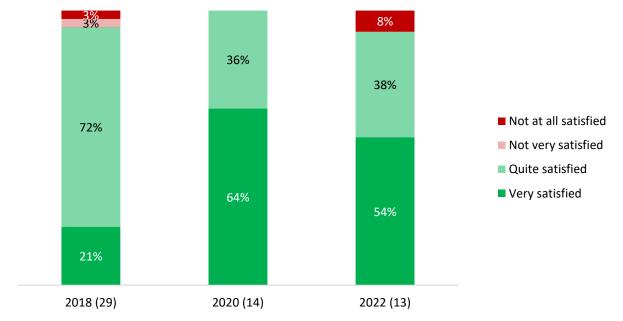


Base: All respondents who have engaged with the SSRO via the helpdesk (Number of respondents shown in brackets)

Assistance and support provided with regards to a QDC and QSC

- ^{5.24} 1 in 20 (5%) respondents have accessed assistance and support when they entered into a QDC or QSC.
- Over 9 in 10 (92%) of these respondents were satisfied¹⁰, which is lower than the 2020 survey (100%) but in line with the 2018 survey (94%). Please note, although 8% reported being not at all satisfied, this is just the opinion of just one respondent.

Figure 25: How satisfied were you with the 'onboarding' assistance and support provided by the SSRO when you first entered into a QDC or QSC?



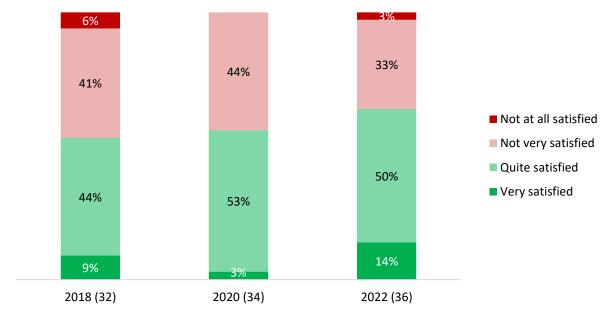
Base: All respondents who have engaged with the SSRO via 'onboarding' assistance and support (Number of respondents shown in brackets)

¹⁰ Caution must be exercised when interpreting this result due to the small base size.

Consultation process

- 5.26 Around 1 in 8 (14%) respondents have participated in a consultation. Respondents who were Stakeholders, those working in industry and those with Chairman/Executive/Director roles were more inclined to have taken part in a consultation.
- 5.27 Nearly two thirds (64%) of these respondents were satisfied with the consultation process. This is 8 percentage points higher than in 2020. Stakeholders were more inclined to say they are not satisfied.
- 5.28 When asked to provide additional comments at the end of the survey, one respondent did note that 'the SSRO are seen as defensive...that consultation is usually after the SSRO have a strong position in mind...'.

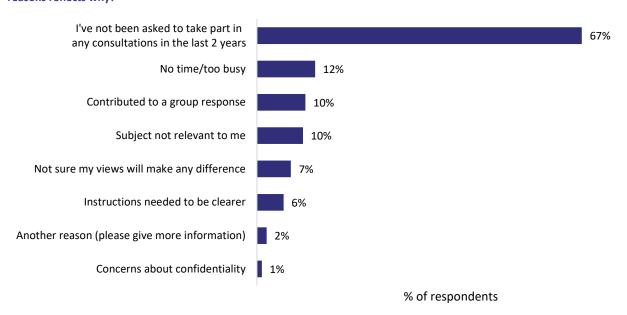
Figure 26: How satisfied were you with your experience of the consultation process?



Base: All respondents who have engaged with the SSRO via the consultation process (Number of respondents shown in brackets)

- Respondents who have not responded to an SSRO consultation in the last 2 years were asked why they haven't done so. For this question, respondents were provided with a list of options and asked to select all the ones which applied to them.
- Around two thirds (67%) of these respondents said they haven't responded because they have not been asked to take part in any consultation. The second most common response is 'no time/too busy' which was chosen by 12%.

Figure 27: If you have not responded to one or more of the SSRO's consultations over the last 2 years, which of the following reasons reflects why?



Base: All respondents who have not responded to an SSRO consultation in the last 2 years (200)

SSRO website

Overall (143)

- ^{5.31} Over a half (55%) of respondents have visited the SSRO website. This proportion has dropped for the second survey in a row, and it is now 8 percentage points lower compared with the 2020 survey.
- Respondents who said they have visited the SSRO website were then asked which sections of the website they have accessed. For this question, respondents were provided with a list of sections and asked to select all the ones which they have visited.
- 5.33 The most frequently visited sections of the website include profit rate guidance (78%), reporting guidance and DefCARS (76%), and allowable costs guidance (76%).
- 5.34 **Stakeholders** were more inclined to say they have accessed the profit rate, referrals, SSRO policy papers and consultations, research and statistics, corporate information, and news and communications parts of the website. **DefCARS** users were more inclined to access the reporting guidance and DefCARS section of the website.
- 5.35 When compared with the 2020 survey, the proportion of respondents visiting each section is broadly similar, the greatest change was in the percentage accessing the allowable costs section which decreased by 8 percentage points between 2022 and 2020.

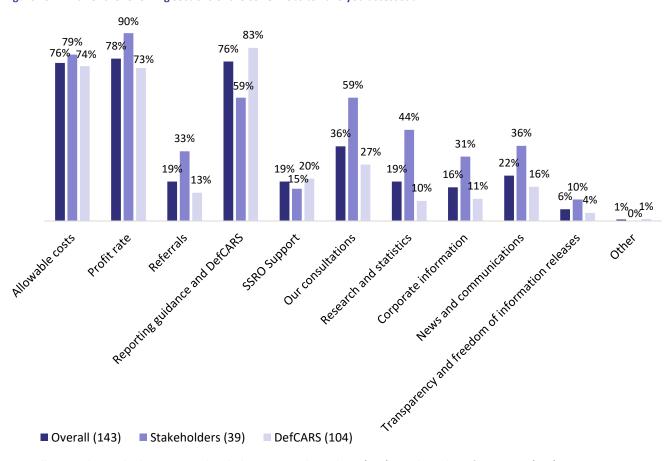


Figure 28: Which of the following sections of the SSRO website have you accessed?

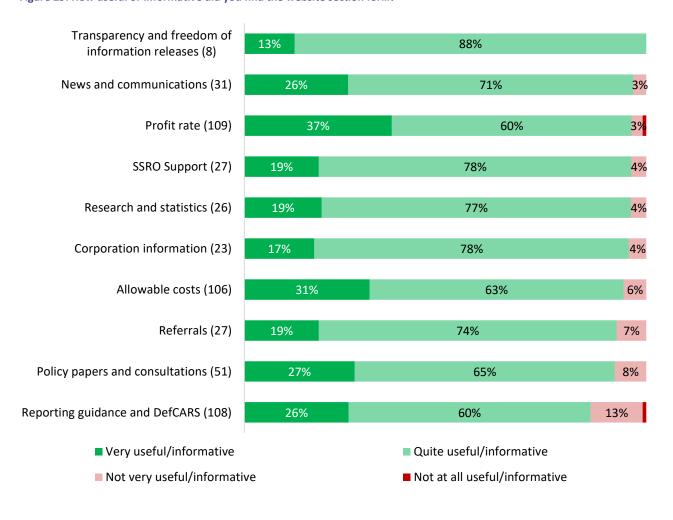
Base: All respondents who have engaged with the SSRO via the website (143). Total number of responses (523).

DefCARS (104)

Stakeholders (39)

- Overall, respondents who have visited the SSRO website find each of the sections they have visited useful/informative. The sections which respondents feel are the most useful/informative are transparency and freedom of information releases (100%)¹¹, news and communications (97%) and profit rate (96%).
- ^{5.37} More than four fifths consider all other sections useful/informative, the section with the lowest percentage who found it useful/informative was for the reporting guidance and DefCARS which is rated useful/informative by 86%.

Figure 29: How useful or informative did you find the website section for...?



Base: All respondents who have visited each section of the website (Number of respondents shown in brackets)

¹¹ Caution must be exercised when interpreting this result due to the small base size.

- - 5.38 The table below shows how responses to these questions compare against the 2020 survey. Where comparisons are available, the proportion of respondents who find each section of the website useful/informative has increased in 5 of 8 instances, there is a particularly notable increase with reference to the research and statistics section of the website (18 percentage points increase) which was the lowest scoring section in 2020.
 - ^{5.39} Respondents who work within Industry are more inclined to view the reporting guidance and DefCARS sections of the website as useful/informative whilst those who work in the MOD were more inclined to rate the reporting guidance and DefCARS as not useful. Stakeholders were also more inclined to rate the profit rate section as useful whilst the opposite was the case for **DefCARS** users.

Table 20: How useful or informative did you find the website section for...? Comparison to 2020

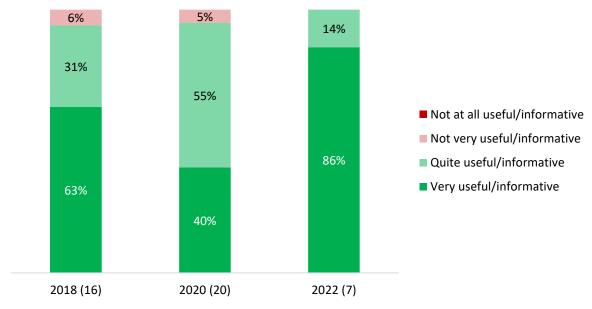
Statement	Useful/Informative 2020	Useful/Informative 2022	Difference
Transparency and freedom of information releases	-	100%	-
News and communications	95%	97%	+2%
Profit rate	94%	96%	+2%
SSRO Support	-	96%	-
Research and statistics	78%	96%	+18%*
Corporation information	86%	96%	+10%
Allowable costs	91%	94%	+3%
Referrals procedures guidance	97%	93%	-4%
Policy papers and consultations	98%	92%	-6%
Reporting guidance and DefCARS	90%	86%	-4%

^{*}Difference is particularly notable

Hosting the SSRO

- 5.40 Seven (3%) respondents said they have hosted the SSRO for a site visit, with **Stakeholders** more likely to have done so.
- 5.41 All (100%) of these respondents found the experience useful/informative¹².

Figure 30: How useful or informative did you find hosting the SSRO for a site visit?



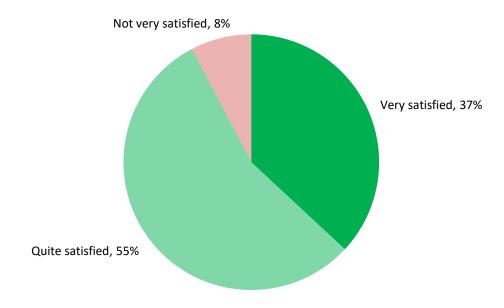
Base: All respondents who have engaged with the SSRO via hosting them (Number of respondents shown in brackets)

¹² Caution must be exercised when interpreting this result due to the small base size.

Assistance provided by the SSRO Compliance Team

- Under 3 in 10 (27%) respondents were in contact with the SSRO Compliance Team either prior to or following the submission of a report. Respondents that **work in industry** were more inclined to have been in contact with the SSRO Compliance Team.
- Over 9 in 10 (92%) of those who received assistance from the SSRO Compliance Team were satisfied with the assistance they received with over a third (37%) very satisfied.

Figure 31: How satisfied were you with the assistance provided (in general) by the SSRO Compliance Team?¹³



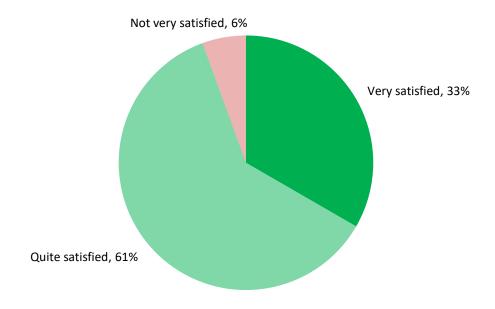
Base: All respondents who were in contact with the SSRO Compliance Team (65)

¹³ This question was added in 2022, so there is no comparable data for previous years.

Engagement through the referral process

- Less than 1 in 10 (7%) of respondents had been party to a referral.
- Over 9 in 10 (94%) of these respondents were satisfied with the engagement during this referral process¹⁴. This is higher than in 2020 (86%) and 2018 (78%) but these previous surveys had a very low number of responses for this question (7 and 9 respectively).

Figure 32: How satisfied were you with the engagement process during the referral? Please note this is not about the decision itself but the process.



Base: All respondents who were party to a referral (18)

¹⁴ Caution must be exercised when interpreting this result due to the small base size.

In-Depth Interviews

SSRO's engagement with stakeholders

General communication and engagement

^{5.46} Many participants were pleased with the way SSRO communicates and engages with them, and with the typical swiftness of its response. The various meetings and working groups arranged by the organisation were also generally considered useful.

"I've sent a few emails and they've responded quite quickly so I've been impressed: good responses, timely responses" (Manager, MOD [DefCARS user])

"... There's never been any real delay in dealing with stuff. For me it's not when things go right... it's what happens when things go wrong. When things go wrong, that's the test and it's not confrontational, it's, 'Let's deal with the issue'" (Manager, MOD [DefCars User])

"The fact that they do have the regular meetings... I find that very positive. They've set up the possibility for members in various companies to attend these meetings and give their views... They are actively doing their best to try to meet with people... I've found the senior stakeholder forums the most effective. I think that's giving... people like myself a chance to interact with them and ask them..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"I participate in the DSAG meetings. I also participate in operational working group meetings... We find that very, very helpful in understanding where the legislation is going, potential changes, or new recommendations or best practice" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"They hold regular working group meetings at two different levels. During those meetings, they ask for input on things that were challenging and how they can make them better. They also tell us [about] enhancements that they're working on. Then they do stakeholder feedback, so they request us to go in and review things that they're doing to make sure Industry can provide information that they're requesting ... It does creative a collaborative environment, and I learn a lot about things that other companies potentially struggle with or issues that they see, and then I can apply those things to our reporting, to make sure that we're compliant. It's a very easy way for us to suggest changes that are beneficial..." (Manager, Industry [Stakeholder])

- There was some feeling, though, that current engagement processes are too "SSRO-led"; that communication is insufficiently two-way; that meetings can feel rushed due to agendas that are too busy and not sent out far enough in advance; and that some meetings (the working groups especially) are too large to be useful, especially in comparison to the smaller, more focused SSRO workshops.
 - "... the working groups, the reporting subgroups, at the moment they are more of an SSRO-led event, as opposed to a two-way industry to SSRO... I do believe the forums we've got are good for them but... they need to be two-way interactions that enable Industry to raise topics and bring more to the table so they can hear our views more..." (Manager, Industry [Stakeholder])

"The operational working group I find useful as a means of communication and briefing but I wouldn't consider it an engagement; it's very one way. It's not intended to be... but it's usually online, and it's a very large group of people... There's a lot of people on there with very different agendas, so it's very difficult to use as a useful form of engagement..." (Manager, Industry [DefCARS User])

"The working groups and the meetings have the potential for great engagement, but they are lacking due to time constraints. I find that we're held very much to an agenda and a timeline, so many items are parked, and we never come back to them. So, either the meetings need to be longer or there needs to be more of them to cover the agenda. That would allow for the two-way engagement... If you have that two-way street and advanced warning of the agenda (and I mean more than the morning of the meeting or less than 24-hours before)... that would be extremely helpful and allow us to get better responses to their questions and queries" (Manager, Industry [Stakeholder])

"We've had a number of workshops on specific topics and what they tend to be is a smaller group of companies represented rather than the operating working group where there may be 30 to 40 companies represented... These workshops have tended to be more like 10 to 15, and it's focused on one subject which makes it a bit easier to engage... especially when you're online" (Manager, Industry [DefCARS User])

- 5.48 Other reported issues were that SSROs' engagement is sometimes not pitched at the right level of seniority within organisations; that there can sometimes be a lack of insight in its analysis and reporting; and that it could better engage with smaller organisations and those at more junior levels within organisations.
 - "... Sometimes the people in the room are too senior. I started sending a colleague to the reporting group because she actually does the reporting. You need to engage with the people who enter stuff into DefCARS to understand the problems with DefCARS" (Senior Manager, Industry [Stakeholder])
 - "... In recent engagements, [we] have engaged on what we thought would be a bit more of a forward-looking policy-orientated conversation, and it's soon become an update on some fairly tactical queries that are being raised on various reports. So, the level of engagement at times probably isn't in the right areas..." (Manager, Industry [Stakeholder])
 - "... They'll produce some analysis and statistics on contract performance across the regime, but there's no 'So what?' in it... there's no insight provided. So, they'll make statements like, 'We've signed x contracts', 'They're worth this amount of money', 'They last this long', 'They're getting this amount of profit rate'. But then they don't sit back and go, 'Well, that's interesting that industry are signing lots of short contracts. What does that mean?' If they understood that, I think they could bring better value. So, their comms are all very pretty and very considered. But they lack a bit of insight; that's the bit that's missing" (Senior Manager, Industry [Stakeholder])

"I realise this is the first time that I've ever been engaged with directly. I think communication is key to any relationship and I would say I personally don't have a relationship with the SSRO. There are the Industry forums that are created, maybe there needs to be more focused ones to attract smaller companies" (Senior Manager, Industry [Stakeholder])

"While their quidance is for contracts with certain value in line with legislation, they're probably widely aware that [it] is being used for all contracts on single source by the Government. By engaging with a wider audience and smaller companies... they would get a better view of how that guidance is being used and applied. When consulting, they would get a much fairer view and not just a view from big companies... They've just missed that whole demographic of companies where whilst they're not perhaps reporting directly under the SSRO, those contracts are all having to apply the SSRO quidance indirectly" (Manager, Industry [Stakeholder])

"There's a lot of good stuff that goes onto their website and that I get through the RSS feeds, but I know that not everyone will utilise that or seek that out. So, I think it is effective, but it depends on the people interested being pro-active... The various workshops and talking groups they have; if that was more cascaded perhaps it would help" (Manager, MOD [DefCARS user])

- 5.49 SSRO's consultations were discussed, and the general feeling was that more lead-in time is required to ensure consultees have enough time to formulate meaningful responses - and that more pre- and postconsultation engagement would be beneficial in negating perceptions of prior determination and ensuring stakeholders can feed into "next steps".
 - "... Many of the consulting documents and data that we get to review tend to come out at the last minute. We don't get a lot of time to review that documentation and be able to provide meaningful responses because you get one or two days to respond... it's a mad scramble... to try and give meaningful data back. I think the SSRO would be helping themselves if they gave us more time because I think they'd get more defence industrial responses, and the quality of the responses would be better" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"They need to change the culture when it comes to consultation; the consultation needs to be a consultation. I think if they were a more confident organisation, they would ask more open questions; they would gather information first, simulate it and then discuss it with all parties before writing papers and going public. That way they can test what they've understood; sometimes we all get things wrong without understanding. That's not to say they're always going to agree with me, I'm sure they won't, but they would disagree from the knowledge base and the sound logic. So, more pre-consultation and more time to operate a working group... adding adequate time to conclude engagement in consultations..." (Senior Manager, Industry [Stakeholder])

"... It's how the next steps of feedback then get taken on board and worked collaboratively within Industry... I think it's clear what their intent is, but it's then how it's used and learning from experience... it's, 'Are we collaboratively with them doing enough to learn from that bank of experience...'" (Manager, Industry [Stakeholder])

5.50 When asked for their thoughts on the SSRO website, participants' views were mixed. There were some positive comments around transparency and quality of information, but also some negative ones around functionality.

"I think they are open and transparent... One thing they do very well is their website: their disclosure of board minutes etc., it's all very, very good. I think their corporate process is excellent; it has full disclosure that they will publish everything they can" (Senior Manager, Industry [Stakeholder])

"The other way of engaging with the SSRO is looking at the website, and certainly the information on there is very clear and easy to read... The quidance is there and if you need further quidance, it's quite easy to email them and get in contact... There hasn't really been any time where I've struggled to get feedback or advice..." (Manager, MOD [DefCARS user])

"I have a hard time finding things on the SSRO website. The search function doesn't seem to work very well... It's not Google that's for sure!" (Manager, Industry [Stakeholder])

^{5.51} Views on the SSRO helpdesk were universally positive, though.

"When we had issues about submitting stuff or using their systems, they were very quick to come back, they keep you informed about things; they helped us basically. Most of my interaction has been with the helpdesk" (Manager, Industry [DefCars User])

"When I have an issue or something doesn't seem to be functioning properly... I can send a message to the help desk and they immediately respond, get right back to me, fix things that aren't working properly or make enhancements based on my suggestions..." (Manager, Industry [Stakeholder])

5.52 Indeed, one MOD manager was particularly impressed that they were offered expert assistance by the helpdesk immediately, as opposed to having their call logged and waiting for a call-back.

"I don't think I was expecting them to have people who know what they're talking about answering the phone. I think I expected to go to a call centre who'd log my call, and then somebody who's more experienced might come back to me. Straight through to someone who knows what I'm talking about, knows what I'm looking for, is able just to advise over the phone. I found that really impressive" (Senior Manager, MOD [DefCARS User])

5.53 As might be expected, the impact of COVID-19 on communication and engagement was raised: most people praised SSRO for the way it had maintained contact with its stakeholders through the pandemic but felt that something had been lost through not meeting face-to-face.

"It's all been difficult for people the past two years with the pandemic and working from home and trying to do everything remotely and not being to be there in person. I really feel like they've dealt with the challenges of that, and it's been seamless" (Manager, Industry [Stakeholder])

"It's not quite so easy when you're going into online meetings and there's a lot of other people on it; it's far more difficult to raise questions. Whereas, if you're in a physical meeting it's much easier" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

I know with COVID it's been difficult, but the thing we really valued was the ability for the faceto-face interaction with the SSRO so we can ask difficult questions that we wouldn't really want to ask with other defence contractors..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

5.54 Many interviewees said they were looking forward to the resumption of face-to-face meetings once more, though all anticipated a blend of in-person and virtual interaction given the different benefits offered by both.

"I think the forums are good. With COVID they've been more virtual [which is] a good thing because... you can more easily join in. However, I think the physical ones and the networking and the discussion that happens are good... You don't engage quite so much through the virtual. I think if you had a bit of both, sometimes you might want to do it virtually because it's easier, but other times... a face-to-face is beneficial" (Senior Manager, Industry [Stakeholder])

- 5.55 One Industry manager also suggested, "Potentially changing the location in the future... For everyone to go to London, it does take that whole day out for that hour long meeting, though the networking is invaluable."
- 5.56 Participants also suggested that the SSRO could improve its communication and engagement by: providing an up to date 'points of contact' list; offering its stakeholders more one-to-one contact; enhancing its communication with trade associations; and ensuring relevant staff (including Board Members) are able to make organisational site visits to enhance their understanding of how Industry and the MOD operates.

"I think it would be helpful if the SSRO provided a list of points of contact. I understand from the website who's who... But what would be helpful is, 'Who are the primary contacts in the SSRO? Who are the primary contacts in the SSAT?' And when changes are made, it would be really helpful for defence contractors to know ahead of time. To be able to go to... one place to look for those changes, rather than trying to hunt down those people and asking, 'Ok, what is your role and responsibility?' Because we need to know... to 1) make sure our company is doing what's expected; 2) that we're not surprised by changes we're not aware of and 3) that there's not a department we should have been interacting with and we're unaware of it" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"The problem with the forum is obviously there's only certain things you can talk about in a collaborative environment. Whereas, with a one-to-one there may be a much more open conversation that could be had in certain areas... We just had a similar thing with our customers where they started in collaboration, then they went into one-to-one discussions and the depth that we got to in the one-to-one was obviously far more relevant and interesting than what we had in the open discussion" (Senior Manager, Industry [Stakeholder])

"A better dialogue with the trade associations: ADS and MakeUK Defence... I would say that one of the things SSRO needs to do is build bridges with those organisations because they are very good at representing their members" (Chairman/Non-executive Director, Other [Stakeholder])

"The other area that has been helpful has probably been that Chairman engagement... getting them down to an onsite meeting... That face-to-face engagement and showing them around what we do definitely helped bring home what our operations look like..." (Manager, Industry [Stakeholder])

"We have planned some site visits, but I think it's important that we pick up not necessarily the Board, but the people below them that are working on the guidance... Come and see what we do, come and see how we work, come and understand what it is we do" (Manager, Industry [DefCARS User])

5.57 Finally in terms of communication and engagement, one senior manager within the MOD was of the view that teams are reluctant to make referrals to SSRO - seeing it as something of a 'nuclear option' - and that issues are resolved and negotiated away rather than risk the full impact of any referral. They sought a middle ground for communication and seeking expert help on non-compliance prior to "launching the nuclear referral button".

"I realise it is a little bit sensitive suggesting that people are nervous to make referrals... We know when we make a referral, if it's ruled against us that could be just as damaging to us as it would be for a ruling to go against a contractor... Maybe we need more informal routes for some conversation, so that we can ask the question without launching the full referral. Perhaps get a bit of a steer where we're not sure if the data that a contractor is submitting is problematic or repeatedly problematic, or likely to be non-compliant" (Senior Manager, MOD [DefCARS user])

5.58 Certainly, where these informal communication routes are offered, they appear to be appreciated.

"I've dealt with their more senior management over some technical issues... I was able to have an informal conversation, which was very helpful... I can't say I've dealt with anyone there who hasn't been responsive, professional, communicative, and particularly when I had an issue where I needed some advice, but I didn't want to go down a formal rabbit warren, where it suddenly escalates into a bigger issue... " (Manager, Industry [DefCars User])

6. Guidance

Key Performance Indicators

^{6.1} The composite KPI 2a looks at how stakeholders solve single-source problems aided by or using the solutions identified by the SSRO. This measure passes the targets set by the SSRO.

Table 21: Key Performance Indicator 2a

Measure	Performance
Stakeholders solve single-source problems aided by or using the solutions identified by the ${\rm SSRO^{15}}$	Pass

Over 8 in 10 (82%) respondents who have used the SSRO's pricing guidance agree that it's useful in agreeing contract prices that support VFM & fair and reasonable prices. This is 7 percentage points higher than the target of 75%.

Table 22: Key Performance Indicator 2d

Measure	Target	Performance
Percent of stakeholders who agree SSRO's pricing guidance is useful in agreeing contract prices that support VFM & fair and reasonable prices ¹⁶	75%	Higher (82%)

Over three quarters (76%) of respondents who have used the reporting guidance agree that it is clear and applicable and helps users meet reporting requirements. This is 1 percentage point higher than the target of 75%.

Table 23: Key Performance Indicator 3a

Measure	Target	Performance
Users find reporting guidance clear, applicable and helps meet reporting requirements ¹⁷	75%	Higher (76%)

¹⁵ KPI 2a is a composite measure of Q40, Q41, and Q43. Q40 – To what extent do you agree or disagree that the SSRO's pricing guidance is useful in agreeing contract prices that support value for money and fair and reasonable prices? Q41 – To what extent do you agree or disagree that the SSRO provides effective and intuitive digital tools in support of its statutory functions? Q43: "Was the published summary useful?"

¹⁶ KPI 2d is from Q40 – To what extent do you agree or disagree that the SSRO's pricing guidance is useful in agreeing contract prices that support value for money and fair and reasonable prices?

¹⁷ KPI 3a is from NQ28 – To what extent do you agree or disagree that the reporting and DefCARS user guidance is clear and applicable and helps users meet reporting requirements?

6.4 Over 8 in 10 (88%) respondents who have used the SSRO's pricing guidance agree that it is clear and applicable. This is 3 percentage points higher than the target of 85%.

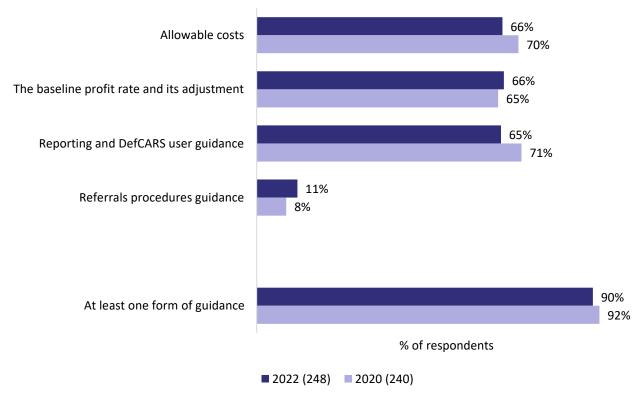
Table 24: Key Performance Indicator 3b

Measure	Target	Performance
Percent of stakeholders who agree the SSRO's pricing guidance is clear and applicable ¹⁸	85%	Higher (88%)

Guidance usage

- 6.5 When respondents were asked about the type of SSRO guidance they have used, around two thirds said they have used the baseline profit rate and its adjustment guidance (66%), allowable costs guidance (66%) and reporting and DefCARS user guidance (65%). These are similar percentages to the ones observed in the 2020 survey.
- 6.6 9 in 10 (90%) respondents have used at least one type of guidance, in line with 2020 where 92% had used at least one type of guidance.

Figure 33: Have you used any of the following guidance?



Base: All respondents (Number of respondents shown in brackets)

¹⁸ KPI 3b is the average of Q26 and Q27. Q26 – To what extent do you agree or disagree that the Allowable costs guidance is clear and applicable? Q27 – To what extent do you agree or disagree that the guidance on the baseline profit rate and its adjustment is clear and applicable?

Differences by sub-groups

- 6.7 The following table summarises the sub-groups which are more or less inclined to say that they have used each type of guidance.
- 6.8 It is worth noting that those who work at junior/other level are less inclined to use 3 of the 4 types of guidance.

Table 25: Have you used any of the following guidance? Analysis by sub-group.

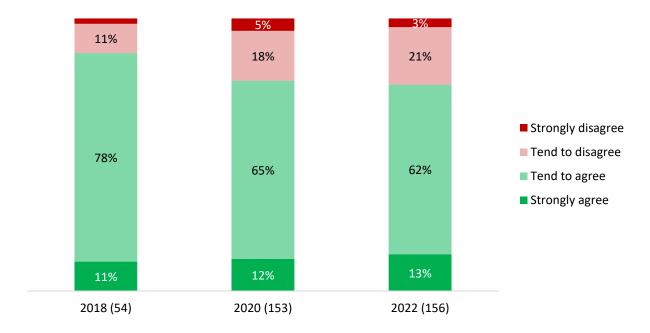
Have you used any of the following guidance?	Respondents <u>more inclined</u> to say they have used guidance	Respondents <u>less inclined</u> to say they have used guidance
Reporting and DefCARS user guidance	Engaged with SSRO four or five times in last 2 years Engaged with SSRO between six and ten times in last 2 years DefCARS users Work in industry Those in Junior/Other level roles	Engaged with SSRO once in last 2 years Stakeholders Those in Chairman/Executive/Director roles
Allowable costs	Involved with SSRO for 4 years or more Engaged with SSRO two or three times in last 2 years	Those in Junior/Other level roles Involved with SSRO for 1 year or more but less than 2 years
The baseline profit rate and its adjustment	Those in Senior Management roles Engaged with SSRO two or three times in last 2 years	Engaged with SSRO once in last 2 years Those in Junior/Other level roles
Referrals procedures guidance	Engaged with SSRO more than ten times in last 2 years Stakeholders Involved with SSRO for 4 years or more	DefCARS users Those in Junior/Other level roles Involved with SSRO for 1 year or more but less than 2 years

Views on guidance

Reporting and DefCARS user guidance

- Over three quarters (76%) of respondents who have used the reporting guidance and DefCARS user guide agree that it is clear and applicable which is comparable with the 2020 survey (note that the question wording has changed slightly in each survey).
- 6.10 Nearly a quarter (24%) of those who have used the guidance disagree that it is clear and applicable. This is in line with the 2020 survey where 23% disagreed.
- ^{6.11} As in 2020, respondents who are **junior/other level** are more inclined to agree that the reporting guidance and DefCARS user guide for defence contractors is clear and applicable.

Figure 34: To what extent do you agree or disagree that the reporting and DefCARS user guidance is clear and applicable and helps users meet reporting requirements? ¹⁹



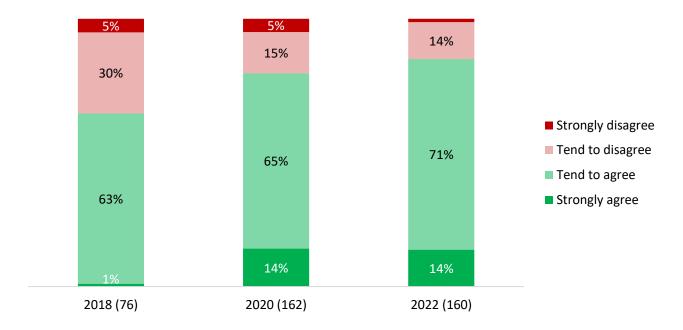
Base: All respondents who have used reporting guidance and DefCARS user guide (Number of respondents shown in brackets)

¹⁹ Question asked about 'DefCARS 2 reporting guidance and system user guide for defence contractors' in 2018 and 'reporting guidance and DefCARS user guide for defence contractors' in 2020.

Allowable costs

- ^{6.12} Over four fifths (85%) of respondents who have used the allowable costs guidance agree that it is clear and applicable which is higher by 5 percentage points when compared with the 2020 survey and the second survey in a row where an increase has been observed.
- Respondents who are **DefCARS users** are more inclined to agree that the allowable costs guidance is clear and applicable. Conversely, **Stakeholders** are more inclined to disagree that the guidance was clear and applicable.

Figure 35: To what extent do you agree or disagree that the Allowable costs guidance is clear and applicable?

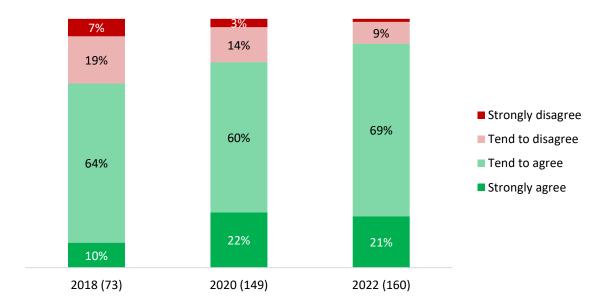


Base: All respondents who have used allowable costs guidance (Number of respondents shown in brackets)

Baseline profit rate and its adjustment

- 9 in 10 (90%) respondents who have used the baseline profit rate and its adjustment guidance agree that it is clear and applicable which is 7 percentage points higher than the 2020 survey and 16 percentage points higher than in 2018.
- 6.15 Respondents who are **Stakeholders** are more inclined to disagree that the baseline profit rate and its adjustment is clear and applicable.

Figure 36: To what extent do you agree or disagree that the guidance on the baseline profit rate and its adjustment is clear and applicable?

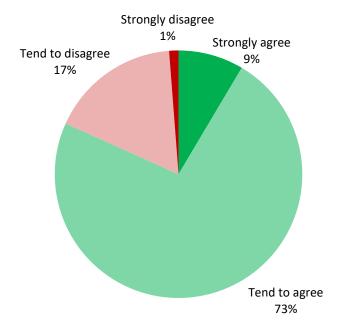


Base: All respondents who have used the baseline profit rate and its adjustment (Number of respondents shown in brackets)

Pricing guidance

- 6.16 Respondents who accessed the guidance for either baseline profit rate and its adjustment or allowable costs were asked whether they agree that SSRO's pricing guidance is useful in agreeing contract prices that support value for money and fair and reasonable prices.
- 6.17 Over 8 in 10 (82%) agreed that SSRO's pricing guidance is useful in agreeing contract prices that support value for money and fair and reasonable prices. DefCARS users (88%) were more inclined to agree whilst Stakeholders (33%) and those that engaged with SSRO more than 10 times (50%) in the last two years tended to disagree. Those who work in the MOD (85%) are also more inclined to agree when compared to those who work in Industry (78%).

Figure 37: To what extent do you agree or disagree that the SSRO's pricing guidance is useful in agreeing contract prices that support value for money and fair and reasonable prices?

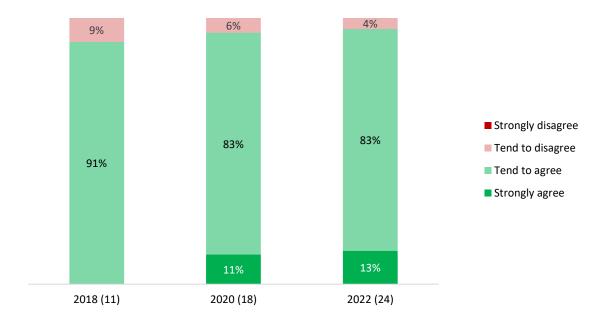


Base: All respondents who have used either the baseline profit rate and its adjustment or the allowable costs guidance (164)

Referrals procedures

Over 9 in 10 (96%) respondents who have used the guidance on referrals procedures agree that it is clear and applicable which is comparable with the 2020 and 2018 surveys (although the question wording is slightly different in prior surveys).

Figure 38: To what extent do you agree or disagree that the guidance on referrals procedures is clear and applicable and helps users understand the referrals procedures?²⁰



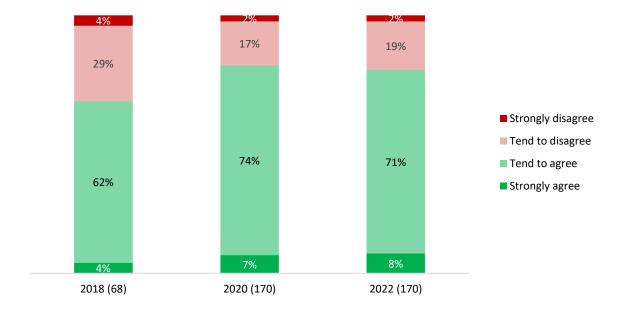
Base: All respondents who have used the guidance on referrals procedures (Number of respondents shown in brackets)

²⁰ Question in previous surveys asked: To what extent do you agree or disagree that the guidance on referrals procedure is clear and applicable?

SSRO processes for reviewing its guidance

- Around 3 in 10 (29%) respondents were unable to provide an answer when asked if they agree or disagree that the SSRO's processes for reviewing its guidance are fit for purpose as they didn't know what the processes were.
- ^{6.20} Of those who were able to respond, around four fifths (79%) said they agree that they are fit for purpose which is in line with the 2020 survey (81% in 2020).
- Respondents who have a junior/other role are more inclined to agree that the SSRO's processes for reviewing its guidance are fit for purpose. Conversely, those with a **Chairman/Executive/Director** role tended to disagree at a higher rate.

Figure 39: To what extent do you agree or disagree that the SSRO's processes for reviewing its guidance are fit for purpose?

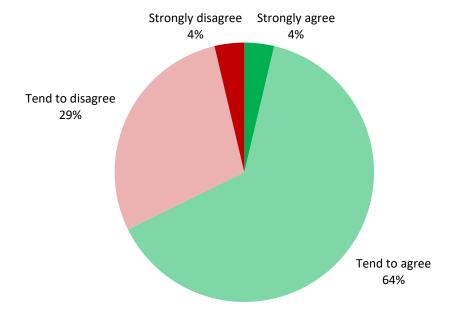


Base: All respondents who know the process for reviewing SSRO guidance (Number of respondents shown in brackets)

SSRO's digital tools

6.22 Over two thirds (68%) of respondents agree that the SSRO provides effective and intuitive digital tools with under 5% agreeing strongly and under two thirds (64%) tending to agree. Those respondents in a **junior/other role** were more inclined to agree with the statement.

Figure 40: To what extent do you agree or disagree that the SSRO provides effective and intuitive digital tools in support of its statutory functions?

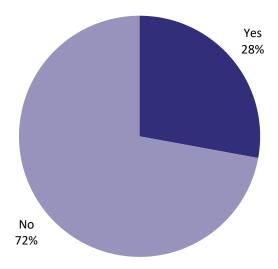


Base: All respondents (189)

Referral outcome summary

Almost 3 in 10 (28%) respondents have drawn on the learning contained in a published SSRO outcome summary when agreeing, managing, or delivering a contract. Those who have **engaged with the SSRO more than ten times in the last 2 years**, and those who have been involved with the SSRO for **6 months or more but less than 1 year** tended to have drawn from SSRO referral outcome summary whilst those in **management roles** tended to have not.

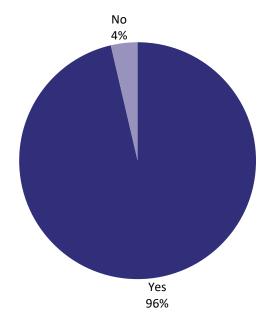
Figure 41: In agreeing, managing or delivering a contract, have you drawn on the learning contained in a published SSRO referral outcome summary?



Base: All respondents (208)

^{6.24} Of those that had drawn on learning from a published SSRO outcome summary the vast majority (96%) found the outcome summary useful with only 2 (4%) respondents finding the published summary not useful.

Figure 42: Was the published summary useful?



Base: All respondents who have drawn on learning contained in a SSRO referral outcome summary (55)

In-Depth Interviews

Perceptions of SSRO's guidance

- Several participants were positive about SSRO's guidance in general, describing it as useful, clear, well-written and easily digestible. Others considered it ambiguous in places, leading to different interpretation, inconsistencies in application, and queries from users.
 - "... It is very useful for us to have guidance, to have SSRO's opinion, and their support in our investigations, so we will always refer to the guidance. They are updated every year, and we need to be up to date with the latest regulations. Our work wouldn't be as useful if we didn't have the SSRO guidance" (Manager, MOD [DefCARS user])
 - "For the most part, I would say that the guidance is sufficient for me and my teams to be able to use in terms of the information that we get given..." (Senior Manager, MOD [DefCARS user])
 - "... There is a lot of information and guidance there and it tends to be quite in-depth and thorough. There's been no problem that I haven't found a guide for that's trying to point me in the right direction" (Junior Level, Industry [DefCARS user])
 - "The actual guidance is quite sparse and there are very few words. Which does leave that guidance, I think in some places, open to interpretation..." (Manager, Industry [Stakeholder])
 - "Where the ambiguity is, perhaps if they made that a little bit more clear in certain areas it could take away a lot of the frustrations and issues we have in negotiating contracts" (Senior Manager, Industry [Stakeholder])
 - "The guidance is not always very clear and contractors are challenging us; they keep saying, 'It's very general'.... Sometimes it is difficult, and we have to refer some such queries from contractors to SSRO, which can sometimes delay our [work]" (Manager, MOD [DefCARS user])
- 6.26 As such, more detail and practical examples were suggested by some.
 - "... Potentially the level of detail isn't quite there for teams to use it effectively. It sets that high level principle, but actually once you're trying to work through that mechanically at quite a low level, we're often left with some grey areas that are fairly highly subjective... There is a bank of lessons learnt over the past couple of years of implementing this... It seems that providing that next level of detail, then also giving an example of what good looks like, would be useful" (Manager, Industry [Stakeholder])
- One interviewee also felt the guidance could be strengthened by involving those with MOD or Industry experience in drafting it.
 - "... One of the [SSRO's] strengths is they tend to write things very well... But what they're not doing, because they haven't got people who are actually sat in the chair of the people who actually do the pricing, they're not useful to the practitioners on the ground. Again, it comes back to having people write the guidance who have done the job or are the people who need to apply the guidance" (Senior Manager, MOD [Stakeholder])

guidance can be difficult for those unused to SSRO's systems. As such:

6.28 In terms of physical accessibility, one MOD senior manager said that finding the various pieces of

"Having a clear and accessible means of getting to those documents is key..." (Senior Manager, MOD [DefCARS User])

Allowable costs

^{6.29} A few MOD participants were relatively positive about the allowable costs guidance, viewing it as a solid foundation for discussion between all parties to a contract.

"It's clear and applicable in the sense that it does what it is meant to do... It is guidance-based not rules-based [and] it's quite clear what is meant to be an area for discussion and agreement between parties, and what is black and white... So, I think in general... it's really quite clear on all of those aspects" (Manager, MOD [DefCARS user])

"I think it does the job for the most part. It provides a solid foundation on how we utilise the regulation... I understand the SSRO have made their policy in such a way that it's not overly definitive... They're trying to strike a balance" (Senior Manager, MOD [DefCARS user])

"Allowable costs are as clear as they can be; they can't cover every single cost that could crop up... they allow for discussion with suppliers when agreeing allowable costs and I think the guidance is quite clear... I'm comfortable working in the grey space of the guidelines. Some people want black and white; they want to know if that coffee on the table over there is an allowable cost or not. I'm happy to work within the guidelines to determine that with the supplier" (Senior Manager, MOD [DefCARS User])

^{6.30} Others, though, considered it to be too vague and open to interpretation.

"... Certain allowable costs are not always clearly defined. There are buzzwords used, but the interpretation of that buzzword is lost, it's not there. So, without that definition it's subject to different interpretation... So [we need to] try and get a [common] understanding... around what the definitions mean..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"It gives a nice long list of maybe allowable costs and maybe unallowable costs... It has improved over the years and the information it's included has become more specific to certain types of costs which has been helpful. It's not overly prescriptive, which I think is both good and bad... It enables everyone to put some pragmatism around it, but then it doesn't give somebody who may need it the black and white nature they need ..." (Manager, Industry [Stakeholder])

"The interpretations are so general. We spend so much time trying to agree what the SSRO guidance means (if something is allowable or disallowable)..." (Manager, MOD [DefCARS user])

^{6.31} As such, a set of practical examples, firm definitions or FAQs (which has been available in the past) were thought to be needed.

- "... That was really useful because the allowable cost quidance is quite high-level. So, there's still a level of interpretation below it. The FAQ document used to give examples around lower-level detail, and they've stopped keeping that up to date... (Senior Manager, Industry [Stakeholder])
- "I think FAQ documents are super useful. Obviously, you can keep them live and update them as you go. It'll probably help cut stuff down from the help desk and free up more of their time" (Manager, MOD [DefCARS user])
- " ... With allowable costs its always 'May be' or 'Should be'. There needs to be more examples of how it could be definitely decided whether or not something is allowable..." (Senior Manager, Industry [Stakeholder])
- "If there was one area that could be improved it might be to provide examples of what constitutes allowable and disallowable costs in more detail..." (Senior Manager, MOD [DefCARS user])
- "... My recommendation would be in these reports to have a table of definitions so that everybody clearly understands what that definition is" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])
- 6.32 An MOD manager suggested that this guideline should be modelled on American regulations (such as the Federal Acquisitions Regulation), which are apparently more specific, detailed and clear.

"My view would be that we should go in the same direction as the US regulations. They are broadbased and principle based. I know the reason why we would like to be more flexible, but in terms of contractors understanding the guidelines, it might mean less time spent on investigations, and there would definitely be less discussion to try and understand the contractor's view and trying to explain [our] view..." (Manager, MOD [Stakeholder])

Baseline profit rate and its adjustment

633 There was some positivity about the baseline profit rate and its adjustment guidance among MOD interviewees, who described it as clear and user-friendly.

"It's very clear cut... does what it says on the tin. I know where to go to find it, I know when it's released, and it's... pretty black and white. It's just easy to use" (Manager, MOD [DefCARS user])

"The baseline profit rate is really clear in how you go about calculating so that makes it easy to use. Some of the calculations may be complicated but the guidance around it is clear" (Senior Manager, MOD [DefCARS User])

6.34 Again, though, the guidance around baseline profit rate and its adjustment was thought to be too "wide" by some Industry stakeholders. There were also some specific criticisms of this guidance, particularly in relation to the complex layout of the "six steps"; determining price in relation to risk; the effect of risks being disallowed on profit margins; and the methodology used to calculate baseline profit rate in general. Clarity on this methodology was thought to be needed.

"I think what they're trying to do... is they are trying to come up with a model of what is a fair profit rate based on the performance of companies over many different industries... It sometimes seems to be a bit too wide..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"Specific aspects of it, I've seen confusion on... In terms of how it lays out the six steps, it can be a bit intimidating and confusing. I think more approachability on it [is needed]... It's all correct in there but it's not super user friendly in particular aspects" (Manager, MOD [DefCARS user])

"A lot of our projects are first of class, so you're developing something for the first time, and we're almost always being pushed down on firm price... Risks are being disallowed and we're not able to get that higher level of profit adjustment. Whether that's the SSRO's fault or not, I think more clear guidance on how to attract some of those higher rates could help us achieve that... a clearer calculation method" (Senior Manager, Industry [Stakeholder])

"It's quite difficult to get clear guidance around risk. I think that's always been a difficult aspect... If you've never done it before there are bound to be risks that you can't account for that we're finding are being disallowed. The guidance is allowing them to do that... More and more risks are being disallowed as a direct cost in the project. So, we're getting hammered from all angles; we're not allowed to have the risk, and we're not allowed to get that profit for it either and it starts to make single source work undesirable..." (Manager, Industry [Stakeholder])

"It does feel that over the last few years it has become more and more difficult to agree prices we feel are fair and reasonable. Profit rates are constantly under pressure; the methodology used to calculate the baseline profit rate we have concerns about... I have a real problem with the fact that baseline profit rate, in effect, is based on comparative company results. So, an output, their final profit rate, is used to set our contract profit rate after which we have a number of disallowances and lots of those disallowances are things that are being queried, such as marketing costs. Costs that as a PLC we are required to incur... As that pressure builds over time and more and more questions are asked about, 'Should this be an allowable cost?', to say that we're still getting fair and reasonable prices I find more and more difficult" (Manager, Industry [DefCARS User])

Pricing guidance

6.35 The SSRO's pricing guidance was typically considered too wide in scope given the complexity of the defence contracting landscape; and too simplistic.

"There's so much variability with pricing a contract, and with the various types of contracts. It's a complex issue and having a single document explaining how to do that is challenging. So, it's probably one area that could include additional information for customers..." (Manager, Industry [Stakeholder])

"The cost guidance is very, very rudimentary... 10 pages to price £7 billion of contracts per year; it's just not fit for purpose. There's not enough detail, not enough quidance, especially on difficult things... There's areas such as the cost risk adjustment where there's simply very little guidance at all... We need more guidance, and that stems out of having the knowledge and expertise about the sorts of costs and how you treat them" (Senior Manager, Industry [Stakeholder])

"There is some good stuff in there. But we partly created the SSRO to help us with the obvious things [and also] to really get to the bottom of some of the difficult things... It doesn't really anticipate any of the problems that we've got [and] it doesn't really cut through on the things which are genuinely difficult" (Senior Manager, MOD [Stakeholder])

"There's too much grey area; there's too much ambiguity around what's actually a reasonable cost... It's so subjective that it makes it almost impossible to agree with the supplier, and you end up making a risk-based decision, which shouldn't be the way it is" (Manager, MOD [DefCARS user])

"It is useful, but it's not always clear. It's open to interpretation. So contractors have their own interpretation, [we have our] own interpretation, and it can be time consuming to agree on what is allowable or not. And the guidance doesn't always tell you what evidence we should be looking for to support those decisions" (Manager, MOD [DefCARS user])

6.36 Again, then, more detail and practical examples were suggested – particularly for those from a nonfinance background.

"... I don't know how much they would want to, but some more detailed descriptions of the different pricing methods would be good. I think they're purposely kept general to an extent, because they cover a lot of different ways of pricing. But obviously there's pros and cons to that..." (Manager, MOD [DefCARS user])

"I'm not a finance guy so needs to be easier and clearer for a project manager like me" (Manager, Industry [DefCARS user])

"I know that... some of my commercial officers struggle with some of the calculations that are provided... those sorts of elements of the guidance are quite challenging if you don't have a financial background. You're either competent at standing equations for establishing these sorts of things, or you're not. We do have people with those sorts of skillsets, but not everybody does" (Senior Manager, MOD [DefCARS user])

6.37 A few specific concerns were noted around the pricing guidance as below.

"I think they just want to support the value for money, and not the 'fair and reasonable' pricing for contractors. Because if they disallow, say, 10% of our costs, and we get an 11% profit rate, it means we've worked for 1%. Sometimes I feel grumpy because... they don't want to pay anything like sales and marketing, or group costs, and it's just annoying that they don't understand the fundamentals of business. If you have more customers you're generally more competitive, so that should tick the 'value for money' box" (Senior Manager, Industry [Stakeholder])

"The pricing guidance explains what the pricing mechanisms are, and it explains what the profit rate steps are. So, it's clear in that it explains the process. The bit that I don't really agree with is it says that then drives value for money and good rates for return. That really needs splitting in two in that yes, the guidance is clear and yes it gives a good direction of travel; but just because you follow the process it doesn't mean you get good value for money and a good price; you just followed a process to a price. So, it almost needs decoupling if you like [because] the guidance is clear, but it doesn't necessarily get you to that answer" (Senior Manager, Industry [Stakeholder]) "Things around, for example, contract risk adjustment (there's very polar views across defence and Industry on how that kind of risk should be managed) and the pricing guidance on that is just insufficient; it makes it more of a negotiation point with the contractor when it should be more of a factual-based point. The guidance just isn't strong enough to enforce... Similarly, with the way pricing advises on doing the DPS structure, there's no guidance around how you link the DPS structure to, for example, the contract work breakdown structure... So, quite often you've got a load of data in the system but to translate that data into actually what's going wrong or right with the contract is impossible... It's almost, 'I get what you're telling me, but how does it work in practice? Where's your real-life examples on how it's working?'" (Manager, MOD [DefCARS user])

Referrals procedures

6.38 All of the comments made on the referrals procedures guidance were positive: participants described it as succinct, understandable and clear – perhaps because it is procedural rather than technical.

"I think it's quite succinct in its output. It helps the user in understanding the mechanism for making a referral... From a 'How do you make a referral?' perspective, it's fine" (Manager, Industry [Stakeholder])

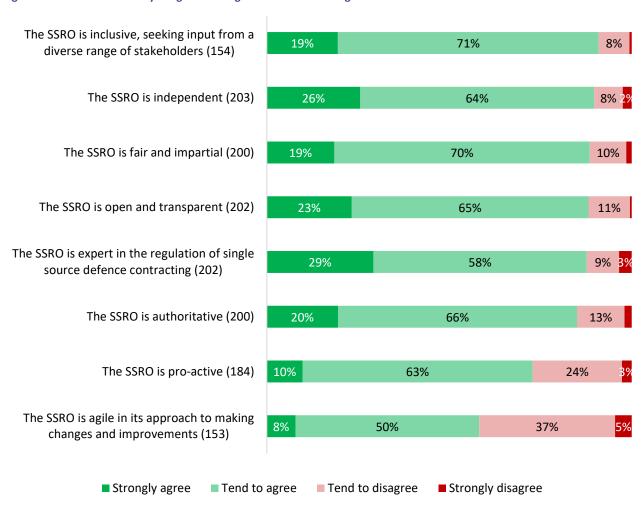
"It covers all the things that need to be covered; it's absolutely clear. There are no technical elements to this. This is a procedural thing and they've done a good job with it..." (Senior Manager, Industry [Stakeholder])

7. SSRO Values and related matters

Perceptions of SSRO values and related matters

- 7.1 The statements with the highest level of agreement (over 9 in 10 respondents agreeing) was that the SSRO is inclusive (91%) and independent (90%). Above four fifths of respondents agreed that the SSRO is fair and impartial (89%), open and transparent (88%), an expert in regulation of single source defence contracting (88%) and authoritative (85%).
- The lowest levels of agreement can be found in the statements regarding the SSRO being pro-active (73%) and agile in its approach to making change and improvements (58%).

Figure 43: To what extent do you agree or disagree with the following statements...?



Base: All respondents able to respond to questions regarding SSRO statements (Number of respondents shown in brackets)

Comparison with prior surveys

The table below shows how responses to these questions compare against the 2018 and 2020 surveys. In three of the five questions where we have comparable data the percentage of respondents agreeing with the statements has declined. These changes are relatively small however and the level of agreement remains above 2018 levels for all questions.

Table 26: To what extent do you agree or disagree with the following statements...? Comparison to 2020 and 2018 surveys

Statement	Agreement 2018	Agreement 2020	Agreement 2022	Difference 2020 - 2022
The SSRO is inclusive, seeking input from a diverse range of stakeholders*	-	-	91%	-
The SSRO is independent	79%	94%	90%	-4%
The SSRO is fair and impartial	66%	90%	89%	-1%
The SSRO is open and transparent	76%	90%	88%	-2%
The SSRO is expert in the regulation of single source defence contracting*	-	-	88%	-
The SSRO is authoritative	68%	85%	85%	0%
The SSRO is pro-active	72%	73%	73%	0%
The SSRO is agile in its approach to making changes and improvements*	-	-	58%	-

^{*}These questions were only asked in 2022 so comparison with 2020 and 2018 is not available

- - 7.4 Table 277 shows how the responses for these questions vary across different sub-groups of respondents who agree with the statements regarding SSRO values.
 - 7.5 **DefCARS** users, those who work for the MOD, those who have engaged once in the last 2 years and those in junior/other roles tend to be more inclined to agree with the statements whilst Stakeholders, those in a Chairman/Executive/Director role, those involved in the SSRO for 4 years or more, and those who work **in industry** tend to be more inclined to disagree with the statements.
 - 7.6 Looking specifically at Stakeholders, those who work for the MOD are more inclined to say that the SSRO is independent and fair and impartial.

Table 27: To what extent do you agree or disagree with the following statements? Analysis by subgroup

To what extent do you agree or disagree with the following statements?	Respondents <u>more inclined</u> to agree with the statement	Respondents <u>more inclined</u> to disagree with the statement
The SSRO is inclusive, seeking input from a diverse range of stakeholders	Engaged more than ten times in last 2 years	
The SSRO is independent	Engaged once in last 2 years DefCARS User Work for MOD	Stakeholders Work in industry Has Chairman/Executive/Director role Involved with SSRO for 4 years or more
The SSRO is fair and impartial	DefCARS User Work for MOD Management role Junior/Other level role	Stakeholders Work in industry Has Chairman/Executive/Director role Involved with SSRO for 4 years or more
The SSRO is open and transparent	Engaged once in last 2 years Engaged two or three times in last 2 years DefCARS User Junior/Other level role Involved with SSRO 2 years or more but less than 3 years	Stakeholders Has Chairman/Executive/Director role Involved with SSRO for 4 years or more
The SSRO is expert in the regulation of single source defence contracting	Engaged once in last 2 years DefCARS User Junior/Other level role	Stakeholders Engaged with SSRO more than ten times in last 2 years Involved with SSRO for 4 years or more
The SSRO is authoritative	Engaged once in last 2 years Engaged four or five times in last 2 years DefCARS User Junior/Other level role	Stakeholders Senior Management role Involved with SSRO for 4 years or more
The SSRO is pro-active	Junior/Other level role	Has Chairman/Executive/Director role
The SSRO is agile in its approach to making changes and improvements	DefCARS User Management role Junior/Other level role	Engaged with SSRO more than ten times in last 2 years Stakeholders Has Chairman/Executive/Director role Involved with SSRO for 4 years or more

In-Depth Interviews

Perceptions of SSRO values and related matters

Independent

^{7,7} Several participants held the view that the SSRO is fully independent, with a few having seen it make decisions that do not always favour the MOD.

"I believe that they are independent. They're not MOD, they're not the customer. And we have seen some occasions where MOD and SSRO have had different viewpoints. So, I think we have had experience where they're proven their independence" (Senior Manager, Industry [Stakeholder])

"... They do give strong feedback on both sides to suppliers and MOD. I know they have said, 'MOD your trail is very weak here, you can't justify', and then similarly to suppliers. They seem to take a genuine stance... that is judgement-based... I know they've made some decisions which have upset different parties so they're not willing to shy away from it" (Manager, MOD [DefCARS user])

"We know that they sit between the contractor and the delivery teams, and they've maintained that in all circumstances I've come across them, so I've got no reason to think otherwise" (Senior Manager, MOD [DefCARS user])

"I can't talk to them directly... We've got an intermediary and it's quite clear the way the contractor also explains about them that they're independent and they sit in between, and we both go and ask the questions. That, for me, underlines the fact that they are what they say they are" (Manager, MOD [DefCARS user])

"I believe the SSRO is independent... I have confidence that if we have an issue on interpretation with the legislation then the SSRO is an independent organisation that we can seek advice from..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

However, others in Industry felt that while it tries to maintain its independence, the SSRO is too closely associated with the MOD – and indeed Government – to be seen as wholly independent of it. Certainly, several Industry stakeholders explicitly said that the SSRO is perceived to favour the MOD and to be 'on its side' in decision-making and negotiation. Some typical comments can be seen below.

"It's a creation of the Government's... So, I question how it can be 'independent' given that it owes its existence to government ministers who seem to be able to hire and fire" (Chairman/Non-executive Director, Other [Stakeholder])

"They try hard to maintain their independence. I think they're still perceived to have stronger links with the MOD than they have with industry because they dock into the MOD... I think as individuals they are independent, but they're funded by the MOD so there's always a concern that they're not as independent as they could be (Senior Manager, Industry [Stakeholder])

… they do tend to err on the side of the MOD. Certainly, I don't see them as a fully independent body. They're much closer, in relationship, to MOD than to Industry I would suggest... They have the interactions there... It's just that general perception that they are friendlier with MOD, though not that they're necessarily doing their bidding. It probably all goes back, again, to the knowledge and expertise; they don't have enough knowledge and expertise to stand up alone and for Industry to have confidence in them in that way" (Manager, Industry [Stakeholder])

"If there is a decision to be made in Industry or the MOD's favour, it always rests in the MOD's favour. I think that's the judgement call that they always seem to make" (Senior Manager, Industry [Stakeholder])

"They do their best to be independent, but I think they rely on the MOD and they listen to their objectives more than they listen to objectives of Industry. I feel when they're talking to MOD, they feel they're dealing with a customer, and they feel they're doing it with an opponent when it comes to Industry... " (Senior Manager, Industry [Stakeholder])

7.9 One particular criticism was that while the MOD is usually present at meetings between the SSRO and Industry, it is often the case that the SSRO will meet with the MOD independently of Industry.

"There are meetings between MOD and SSRO which we're not party to. Whenever Industry meets with the SSRO, the MOD are often party at that meeting. So, there's slight discomfort..." (Senior Manager, Industry [Stakeholder])

7.10 Despite this, though, a recent positive shift in the SSRO's independence (or at least their perceptions of it) was highlighted by a couple of stakeholders. Furthermore, another participant described how trilateral meetings have helped overcome perceptions of bias to some extent.

"I think they do a difficult job because they have to try to be independent... But I do still think they're more biased towards the MOD. But I don't want to criticise them either because they're much better than they were" (Senior Manager, Industry [Stakeholder])

"... They used to have meetings with the MOD without Industry present... And I've asked for a MOD presence at our meetings, so now they invite the SSAT... which is much better because people talk about situations and everybody will be more open" (Senior Manager, Industry [Stakeholder])

7.11 That this perception persists, though, was something the SSRO must always be mindful of according to one MOD manager, even if they themselves did not see it borne out in reality.

"I do believe the SSRO are focused on keeping independence. I wouldn't say that they automatically take the MOD's view... There's just concerns around that in Industry. It needs to be at the forefront of their mind that there will always be the suspicion that they might not be [independent]..." (Manager, Industry [DefCARS User])

Open and transparent

7.12 There was some difference of opinion among stakeholders when considering whether the SSRO is transparent. Some felt that it is as open and honest as possible in its communications and in the documentation it shares.

"They're very open and transparent. You can see it from all the documentation which has been released. In my day-to-day interactions with them, they've given me an honest answer when asked. There may be times where they don't know the answer and they'll admit that and say, 'We need to go away and think about this', or 'This is our perspective', which I don't always have to agree with, but I respect them for giving their views" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"From all the stuff I see from them... they're quite open. I've got their RSS feed for when they do updates and there's transparency notes from meetings and all stuff like that on there. So, for me it's both quite easy to get access to that kind of stuff and it's quite open and accessible" (Manager, MOD [DefCARS user])

"Anything I see published on their website would suggest we get sufficient information from them to be transparent..." (Senior Manager, MOD [DefCARS user])

"I don't feel like there's ever a tendency to ever want to withhold information. I think there's been an attempt to share as much as possible, so in that regard I think it's open and transparent" (Manager, Industry [Stakeholder])

- ^{7.13} Others said there is a perception of 'cloak and dagger' decision-making within some in Industry and at the MOD, with one stakeholder speculating that an unwillingness to involve others in the decision-making process stems from fear of compromising the SSRO's independence.
 - "... Companies that I have spoken to don't think it is; they think there's a kind of 'black box' process going on and they don't understand how it arrives at the conclusions it arrives at. So, if they're saying that, then it can't be that open and transparent..." (Chairman/Non-executive Director, Other [Stakeholder])
 - "... We have a lot of meetings with them. They turn up, and they listen to what we say, and then in due course they come out with a decision which generally isn't made by the people who are in the room at the time and has been arrived at by a process that isn't terribly obvious to us... We're not really party to the way the decisions were made, or indeed able to properly represent the department's views... I just think it's [about] having the confidence to know they can talk to people about stuff, without it damaging their independence." (Senior Manager, MOD [Stakeholder])
- 7.14 There are also seemingly some issues around interaction between the SSRO, the SSAT (Single Source Advisory Team) and the MOD which can affect perceptions of openness and transparency though it was speculated that this may be an internal MOD issue rather than attributable to the SSRO. Regardless of root cause though, miscommunication and delays are apparently common.

"SSRO have to send quite a lot into the SSAT, so there's sometimes a delay and miscommunication" (Senior Manager, MOD [DefCARS user])

"This is probably MOD specific, but at the working level we don't really get anything from the SSRO... We always have to go and find it. But that could be just the fact that the SSRO inform the SSAT who then don't cascade the information to us. So, I don't often see what my supplier sees, but I can't say if that's the SSRO's fault or not... If the SSRO are informing the SSAT and then they're not informing us, probably the improvement is to give the SSAT a bit of a hard time and say, 'You're working level teams aren't getting this information'" (Manager, MOD [DefCARS user])

^{7.15} Indeed, one participant said that they sometimes communicate directly with the SSRO helpdesk rather than through the SSAT because:

"... I've actually found that you get really quick, easy answers from the SSRO direct, rather than going through the SSAT which is a bureaucratic process that only sometimes gives you the answer you want" (Senior Manager, MOD [DefCARS User])

^{7.16} It was also said that as direct communication between the SSRO and the MOD tends to happen at a senior level so as not to compromise the former's independence, there is a danger that:

"Chief executives and people supporting our chief executives will have one view of the world; and what SSRO aren't accessing is the reality of what's happening. It's to ensure their independence that they are completely separate, but it means that where the communications cross over into the Ministry of Defence, they probably aren't the most effective" (Manager, MOD, DefCARS user)

7.17 In terms of other specific improvements, the following was suggested:

"More transparency; more publications of white papers and discussion papers and things like that; explaining what they're doing and just putting out more information there to explain their thinking and rationale..." (Chairman/Non-executive Director, Other [Stakeholder])

Pro-active

^{7,18} Several stakeholders said the SSRO is pro-active in the way it engages them, seeks their views and responds to their queries or requests for information.

"My experience of them is we have regular meetings and they're pro-active in setting those up and in engaging us with those... They've reached out to set up quarterlies to start a level of engagement so in that respect I'd say they're being pro-active" (Manager, Industry [Stakeholder])

"They really do ask for Industry feedback and ask for suggestions for things they can do to make it better..." (Manager, Industry [Stakeholder])

"They're very pro-active. Any requests I've submitted or any information I've sought I've never had to wait long to get that response. I think of them highly in that regard" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"All of their information is released in advance and generally they're quite quick at doing bits and pieces, so compared to ourselves or the contractor they're ahead of the game!" (Manager, MOD [DefCARS user])

7.19 One MOD manager also commended the organisation for the way it proactively seeks to engage MOD staff in encouraging them to improve their knowledge and use of SSRO systems.

"They lean into the Ministry of Defence in terms of engaging us to improve our skills base. They're really interested in how they can push information in a way which will encourage people to use their systems" (Senior Manager, MOD [DefCARS user])

7.20 Others, though, said the organisation needs to be more proactive in how it engages with and learns from its stakeholders to enable it to understand the issues impacting Industry, and develop more practical guidance.

"There's probably plenty of opportunity to engage better with Industry... learning from that experience and working out a better or more efficient way or practical way to implement policy. It's not through the lack of opportunity to do that. I think if there was a more proactive approach taken, we could probably have a better outcome across the piece" (Manager, Industry [Stakeholder])

"... again, it's that lack of knowledge about what's impacting on Industry that stops them being really pro-active. So, they're pro-active to generate more work. But at the same time, they don't always listen, and they don't always understand. So, they could be better..." (Senior Manager, Industry [Stakeholder])

7.21 One MOD stakeholder was particularly critical of the SSRO's pro-activity, suggesting that it is the MOD that has led on changes to the single source defence regime over the past few years. They used the current legislative review as an example to highlight this.

"It's very much we're dragging them with us... at the moment, we're doing a major review of the legislation... In terms of the major policy things, bearing in mind this is an organisation whose job it is to make sure the prices that we pay on single source contracts are fair for the public purse, fair to money from Industry, there's been no major thing where they've said, 'Actually, you need to change the legislation or you need a policy change because we're in the wrong place there'. There's been some technical changes which are trivial but in terms of actually going 'Right, do we have a regime here which is delivering what it says on the tin?', then they haven't really come up with anything... It's happening but it's happening because we've... done all of the lifting" (Senior Manager, MOD [Stakeholder])

Authoritative

^{7.22} Some stakeholders considered the SSRO to be authoritative, particularly in relation to making changes it considers appropriate (even in the event of opposition), challenging reports, developing authoritative guidance, and guiding organisations and individuals through the referrals process.

"At the end of the day, they'll consult but if they want to make the change, they'll make the change and they have a level of authority..." (Senior Manager, Industry [Stakeholder])

"There was a Rolls Royce report that was publicly available, and they did challenge quite a lot of stuff in there and there were changes that came out of that. So... where we've looked in the public domain, we've seen them apply that authority" (Manager, Industry [Stakeholder])

"They are clearly experts in the background, and they have quite strong views and the authority to make decisions... and therefore develop guidance on that basis" (Manager, Industry [DefCARS User])

"... When we have had a referral... once we got into that process, it was very clear what we did and didn't need to do. They came in, they took control, they guided us through it, and that process was fairly swift. Once we had the engagement it felt like the process was clear, we definitely got some traction and SSRO definitely took responsibility and lead that" (Manager, Industry [Stakeholder])

7.23 Indeed, there was a sense among some that the organisation is too intransigent in asserting its authority once it has formed a view, albeit it was acknowledged to be operating in a difficult environment of many competing interests.

"Sometimes it's difficult to have them change their views on various topics... They obviously do consult, but once they've formed a view, I think it is difficult to change that view. But it's not easy; they are actively trying to consult with people, but you could never get 100% agreement because different people have different views, and they could be completely opposite..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

- 7.24 A few others, though, did not consider the SSRO to be sufficiently authoritative and there was again a sense that a lack of knowledge and experience translates into a lack of influence and a perception that the organisation is not truly authoritative in terms of both decision-making and the guidance it issues.
 - "... We do not believe that they have the knowledge and experience to be able to provide the authority on decisions. Whilst they can apply the regulations, there is much more to it than just a sentence in a regulation. My view that their lack of authority comes from a lack of experience and expertise in the industry" (Manager, Industry [Stakeholder])

"I think this stems out of lack of experience and knowledge; without that background they issue all sorts of guidance which fails to address the issues, or which is, in many cases, confusing... it's [also] a lack of authoritative guidance for difficult circumstances. They tend to give the simple stuff and avoid the difficult. Sometimes it's just because they don't understand the difficult" (Senior Manager, Industry [Stakeholder])

- - "... They don't have the soft authority, so that when ministers or anybody else want to talk to somebody who isn't a department to see if everything's right, they don't think, 'We'll pick up the phone to the SSRO because those are expert, authoritative people who we can trust'. They come to us, or they may come to Industry, or they make up their own minds" (Senior Manager, MOD [Stakeholder])
 - 7.25 Indeed, one senior manager was of the view because the SSRO doesn't have its own independent expertise or viewpoint it tends to get influenced by the relative arguments of the MOD and Industry, usually "falling somewhere between" the two rather than making its own judgements and arguments in an authoritative way.
 - "... They don't say, 'We've heard what the MOD says, and we hear what Industry says, well actually you're both wrong. We've got people here who've spent 15 years working out how you would allocate cost to a large capital project and the way that you do it is this'. I think they inevitably come out somewhere between us and Industry when we'd like them to form their own view... Have a stronger, independent voice which may say, 'Look, both you and Industry are happy with this but actually we don't think you're getting good value for money for the taxpayer and a fair price for Industry... It's seeming to be confident enough to adjust for any special interest you might get from those people. It's having seen and understood the reality of the dynamic between us and Industry sufficiently that they know what advice they're getting is good or bad." (Senior Manager, MOD [Stakeholder])
 - 7.26 Others thought that the SSRO has little room to be authoritative given it must adhere to legislation, and one participant felt that defence contractors wield too much power for it to act with true authority in dealings with them.
 - "I honestly doubt it can be authoritative given the size and weight and influence of the major defence contractors. They will have the ear of ministers..." (Chairman/Non-executive Director, Other [Stakeholder])
 - 7.27 Ultimately, as the following example highlights, there was a sense that the SSRO needs be authoritative in its interpretation of the single source contract regulations, but also flexible in allowing sensible amendments when required.
 - "... there's a fine dividing line... if we are negotiating with the MOD, we may seek some waivers because... it's not in the interest of the MOD to interpret legislation in a certain way. So, the MOD needs to be in a position to be able to provide that allowance rather than the SSRO being authoritative and going 'No, we're not doing it that way'. For example, say a contract was originally negotiated in a foreign currency... if you look at the legislation, it's supposed to be in British pounds. But some deals would never be done unless the MOD agreed to that point. So, it's very important that from our perspective that the MOD contracting organisation should be the lead and the SSRO should be the supporting function..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

Fair and impartial

^{7.28} In general, interviewees did not raise any major concerns around the SSRO's impartiality, suggesting that it strives to demonstrate its fairness within a difficult operating environment.

"They definitely go to great lengths to be impartial" (Senior Manager, MOD [Stakeholder])

"When we've spoken to them, we've seen fairness in what they're trying to achieve. We've personally never had an issue with their rules in terms of fairness and what they mean" (Senior Manager, Industry [Stakeholder])

"They make decisions depending on the facts and I don't think they have a view other than to give what they believe is the right answer. So, that's why it's fair and impartial; they don't work for government or the contractors" (Manager, MOD [DefCARS user])

"They are trying to work between Government and Industry... Industry is always going to look for a higher profit rate on a particular contract and Government is going to look for a lower one. I think they're also trying to compare themselves to similar rule setting bodies in the US and Europe and trying to get some reasonable consistency. And when they look at things like the profit rate, they are trying to do that in a methodical way... and then trying to say, 'Well yes, these companies have got these profits and based on these profits we think that is a reasonable profit return for industry" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"... I think they are doing an effective job. It's a difficult place... they are trying to come up with things like profit rates which are acceptable to Industry... and something that is acceptable for Government where the prices are not too high. So, they've got to try and reach this middle ground because if it's too tough Industry could walk away..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

7.29 Once again, of more concern was expertise: some Industry-based participants felt that the SSRO could demonstrate greater fairness and impartiality if they were also able to demonstrate a greater understanding of Industry.

"They've got strong links with the MOD, so they definitely aim to be impartial. Whether they are always as impartial as they could be, because they don't understand all of it, I don't know. I think they could be more impartial if there was more credibility around their understanding of the issues. If they understood Industry, when they gave an answer then you'd have better views as to whether they're really being impartial or not" (Senior Manager, Industry [Stakeholder])

Inclusive (seeking input from a diverse range of stakeholders)

^{7.30} Generally speaking, stakeholders praised the SSRO's inclusivity in seeking input from as many stakeholders as possible through formal consultations and forums, and in more informal meetings.

"Before Covid, when you met them in person, they tended to ask you your opinion; we'd have meetings and they'd invite comment from across Industry and make sure everybody got to contribute..." (Senior Manager, Industry [Stakeholder])

"They do engage well... Whenever they put anything out, they make it very clear that they're open to all sorts of forms of engagement not just through the operational working group... It feels like they are trying to listen to options and get our views" (Manager, Industry [DefCARS User])

"When I've been engaged with them, they speak with a diverse range of people..." (Senior Manager, MOD [DefCARS user])

"During the operational working group and the reporting working group, they invite multiple companies to sit in and participate and they very much want it to be an engaging experience where everyone's participating and sharing thoughts and ideas... It's one of the reasons I have such a positive attitude about the SSRO..." (Manager, Industry [Stakeholder])

7.31 There was, though, a minority perception that Industry views are not fully taken on board before policy is released, whereas one MOD stakeholder felt the SSRO is too inclusive in the range of organisations it seeks input from, often asking for the views of those with no stake in what is being discussed.

"They're not very good at properly recognising who their stakeholders are, as opposed to people who speak. So, these regulations apply effectively to a comparatively small list of companies and us. We are the only people who have stakes in that [but] they do tend to take the views of people, and you go, 'Well, what you're saying is interesting, but you don't really have a stake'" (Senior Manager, MOD [Stakeholder])

7.32 A few stakeholders suggested that while the SSRO tries to be inclusive in seeking input from stakeholders, the low response to its consultations is evidence that it is not being as successful as it might like. As discussed earlier, this was thought to be due in part to tight timelines for response.

"They put out consultations for response [and] they've got the reach out to diverse range. It lacks, however, in the volume of responses to the consultations which I think is low. That's probably driven by the timeline given to respond to those consultations..." (Manager, Industry [Stakeholder])

"Consultations; they issue everything so that's fine. I think perhaps a bit more of a working group around the things being issued and the timeframe for the responses could be better. I think they may end up with greater response levels..." (Manager, Industry [Stakeholder])

7.33 Finally in terms of inclusivity, it was also said to be required among the SSRO workforce – particularly with respect to employing more people with experience of defence contracting.

"I think they also need to be able to demonstrate that inclusive nature within their workforce. I don't know whether it's how they're targeting people, but the people I meet tend to be from either a legal, accounting or business finance background. I'd like to see more defence commercial background" (Chief Executive/Executive Director/Director General/Director, [Stakeholder])

Agile (in its approach to making changes and improvements)

^{7.34} Several participants described the SSRO as an agile organisation, or at least said it was as agile as it can be within its operating constraints.

"They're asking for your input, and where they provide suggestions for change, depending on the change and the complexity of it, usually within a four-month period they're able to make improvements... If they're not able to make the improvements, there's lengthy discussion that they're working on it" (Manager, Industry [Stakeholder])

"I have seen them recognising issues or criticisms of the system, and then taking actions to try and reflect that... and be like, 'Ok yeah, we may be able to look into why we can do this differently or better'" (Manager, MOD [DefCARS user])

"I work in the Ministry of Defence and when I use a Government tool it can take up to 18 months to get things changed. Whereas the SSRO has a rolling program of change. They take on board when we say, 'It would be really good if the system could do x'; three to six months later that's there. They are one of the fastest moving in the civil service. I think that's mostly because of their independence. In other civil service areas, there has to be a committee and authorisation. I think they are really agile" (Senior Manager, MOD [DefCARS user])

"It is within the constraints that it has, as if it's changing legislation then it has to do that through Parliament. I don't know how they influence that because that can go one of two ways: it can go fairly quickly; or it can labour depending on priorities... but with regard to finance and recommendation, which they have more control over, yes, I'd say they're absolutely agile. If they say they're going to submit a report or a consultancy on a date, they tend to meet those dates" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

^{7,35} Others felt that the SSRO's decision-making processes are too slow to be considered agile, processes that are apparently hindered by its hierarchical structure, lengthy (and sometimes unnecessary) consultations, and reluctance to admit mistakes. Some typical comments can be seen below.

"Over the years you try, and nothing seems to happen. You get to the point where you think, 'Am I just hitting my head against the wall here?' (Manager, Industry [DefCARS User])

"There's been talks through various industries that they're going to improve the single source price and regulations and bring that up-to-date, and it just seems a very slow, long-winded process. I think Industry is engaged in different forums, but it takes a long time for that feedback to flow into changes in the legislation and the rules" (Senior Manager, Industry [Stakeholder])

"They need to much more confident and agile in their decision-making processes... They take an approach to public consultation which takes a long time and, most of the time, it's not necessary. They went out for a four-week consultation about advice they are publishing in public on what was meant by the date in which you entered into a contract. Now, the people interested in that are us and Industry. They could've got us all together in a room, sat us down, gone 'this is what we're thinking of doing', then we could have thrashed it out in three hours. But they... then went out to public consultation... Seven months later we've got something which frankly we could have done in a day" (Senior Manager, MOD [Stakeholder])

"They're not overly agile because they're a civil service body and they have to go through a lot of consultation and a lot of public awareness raising before they can make a decision. So, that slows that down. Some of that is in there for good reason because it's public money and I know they've looked at changing the timescales for the work they want to do on opinions and determinations to try and make that more agile. "Very hierarchical. Everything takes a long time. It has to go through multiple layers, lots seems to end up at the board..." (Senior Manager, MOD [Stakeholder])

"Sometimes they don't like to change what they've already written down. They need to be able to admit mistakes..." (Senior Manager, Industry [Stakeholder])

7.36 Again, it was suggested that having more internal expertise would enhance the SSRO's agility, as staff would have the inherent knowledge required for swifter understanding and more decisive decisionmaking.

"I know they've looked at changing the timescales for the work they want to do on opinions and determinations to try and make that more agile. But at the end of the day, they don't have the resource... It comes back to if they've got more defence experience with MOD defence people, industry defence people I think they would be much more effective" (Senior Manager, Industry [Stakeholder])

"... I think that [lack of] agility stems out of its lack of knowledge, because if you were giving it to a subject matter expert, they would know exactly how to treat something. But the SSRO have to start gathering data, gathering information, take opinions from all sides even when things are frankly obvious" (Senior Manager, Industry [Stakeholder])

7.37 A senior manager in the MOD also suggested that:

"... I'm not sure that they are able to be agile because they're not always getting that on the ground feedback of what's going on, and therefore they're not changing in an agile way because they're not allowed to, or they're not resourced to, engage on the ground and get feedback as to what's working and what's not with the regulations" (Senior Manager, MOD [DefCARS User])

Expert (in the regulation of single source defence contracting)

7.38 There was general consensus that the SSRO is expert in the regulation of single source defence contracting and its associated policy and legislation.

"... I've always come across a very professional set of people who clearly know the rules well and interact in that professional way. I think that inspires confidence in the organisation... their people are good... If there's any disagreement on the interpretation of the legislation, I would see the SSRO as being the expert independent body to get a read on that interpretation" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

"Anytime I have questions or don't understand or I'm not really sure exactly how the legislation applies to us, I do my own research to try and figure it out, but then I seek guidance from the SSRO to make sure my understanding is accurate..." (Manager, Industry [Stakeholder])

"Outside of our legal teams, generally we use all of their information and guidance for making any decisions" (Manager, MOD [DefCARS user])

"They are the ones that are promulgating the advice and the guidance, so they are the ones that I would go to, to be the ultimate experts on the guidance" (Senior Manager, MOD [DefCARS user])

"Whenever I've called them, I've got an answer quickly. Whenever I've interacted with them from a training point of view, they've always sent somebody suitably qualified and experienced. So, I've never come across a scenario where I feel like I'm dealing with someone who's incompetent or not confident in what they've dealing with" (Senior Manager, MOD [DefCARS User])

"We have received advice from them as to the regulations and the framework and the practicalities of managing the contracts. So, I would say they are an expert organisation" (Junior level, Industry [DefCARS User])

"We've had to rely on the SSRO quite significantly to get a handle around how we work within this environment..." (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

7.39 However, translating that policy into useable guidance that recognises the realities of the environment within which individual organisations and businesses operate was thought to be somewhat lacking - and once again, a lack of practical knowledge of single source defence contracts among SSRO staff was raised as an issue of concern.

"We expect the SSRO to be policy experts and to understand defence policy very well, but actually translating that into the practicalities of how individual businesses operate is probably the thing that's lacking" (Manager, Industry [Stakeholder])

"It should be, but I just wonder what the track record and experience of its individual people is... The question becomes, 'What expertise do those individuals have?' and I worry that they don't have that much practical knowledge and familiarity with real single source contracts" (Chairman/Non-executive Director, Other [Stakeholder])

"I think they know the regulations well. I think how those regulations are interpreted into a single source contract is where work needs to be done. It goes back to... their levels of experience and knowledge of the procurement process, the contracting mechanisms, just the defence industry as a whole. The regulations are over here in a document and yes, we know that document; how it applies to everything, and the mechanics of day-to-day working is an entirely different thing I'd suggest" (Manager, Industry [Stakeholder])

8. DefCARS

Key Performance Indicators

The percentage of MOD users satisfied with the usefulness of DefCARS data was less than 6 in 10 (57%), 18 percentage points lower than the target of 75%.

Table 28: Key Performance Indicator 4d

Measure	Target	Performance
Percent of MOD users satisfied with the usefulness of DefCARS data ²¹	75%	Lower (57%)

Over 7 in 10 (72%) DefCARS users were satisfied with the platform for submitting reports. For the second consecutive survey this is lower than the target of 75%.

Table 29: Key Performance Indicator 7a

Measure	Target	Performance
Percent of users satisfied with DefCARS as the platform for submitting reports ²²	75%	Lower (72%)

Less than 6 in 10 (58%) of MOD users of DefCARS are satisfied with DefCARS as a tool of monitoring and analysing reports and data, 17 percentage points lower than the target of 75%.

Table 30: Key Performance Indicator 7b

Measure	Target	Performance
Percent of MOD users satisfied with DefCARS as a tool for monitoring and analysing reports and data ²³	75%	Lower (58%)

²¹ KPI 4d is from Q38 – How satisfied are you with the usefulness of the data contained within DefCARS?

²² KPI 7a is from Q22A – How satisfied are you with DefCARS for submitting reports as part of QDC and QSC reporting requirements?

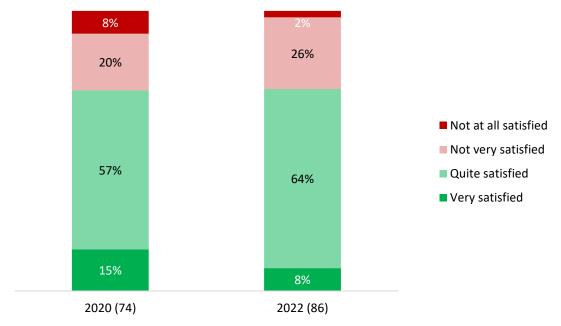
²³ KPI 7b is from Q22B – How satisfied are you with DefCARS as a platform for monitoring and analysing reports and data?

How well SSRO has engaged with stakeholders

Submitting reports into DefCARS

- 8.4 A third (33%) of respondents submitted reports into DefCARS as part of QDC or QSC reporting requirements. This question was only asked of those working within industry.
- 8.5 Over 7 in 10 (72%) of these respondents were satisfied, this was the same proportion as in the 2020 survey. When compared with 2020, the same proportion of respondents are not satisfied (28%), although the amount who are not at all satisfied has decreased (8% in 2020 vs 2% in 2022).

Figure 44: How satisfied are you with DefCARS for submitting reports into DefCARS as part of QDC and QSC reporting requirements?

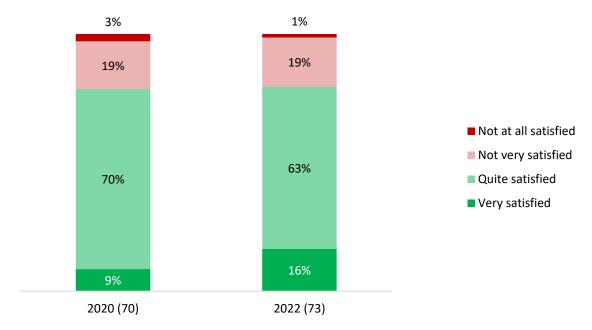


Base: All respondents who have engaged with the SSRO via submitting reports into DefCARS (Number of respondents shown in brackets)

Using DefCARS to respond to queries raised as part of compliance monitoring

- A further question was asked of respondents who submitted reports into DefCARS as part of QDC or QSC reporting requirements. Like previously, this question was only asked of those **working within industry**.
- ^{8.7} Around four fifths (79%) of these respondents were satisfied with the way DefCARS responded to queries raised by the SSRO or MOD as part of compliance monitoring. This was the same percentage as was found in the 2020 survey.

Figure 45: How satisfied are you with DefCARS for responding to queries raised by the SSRO or MOD as part of compliance monitoring?



Base: All respondents who have engaged with the SSRO via submitting reports into DefCARS (Number of respondents shown in brackets)

DefCARS as a platform for monitoring and analysing reports and data

- Over a third (37%) used DefCARS for monitoring and analysis of reports and data. This question was only asked of those working within the MOD. Those in management (for MOD: C and D grade) roles were more inclined to use DefCARS as a platform for monitoring and analysing reports and data.
- Nearly three fifths (58%) of these respondents were satisfied with DefCARS as a platform for monitoring and analysing reports and data. This is lower than the two thirds that were satisfied in 2020 (67%).

Figure 46: How satisfied are you with DefCARS as a platform for monitoring and analysing reports and data?

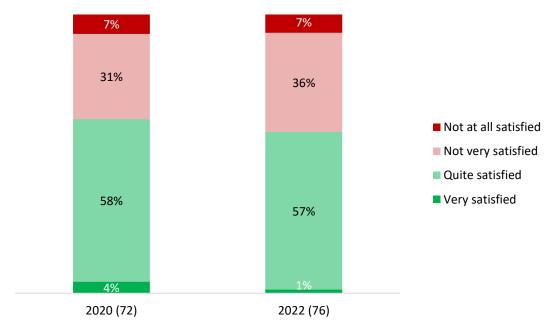


Base: All respondents who have engaged with the SSRO via using DefCARS as a platform for monitoring and analysing reports and data (Number of respondents shown in brackets)

Using DefCARS for raising queries and engaging with contractors

- ^{8.10} A further question was asked of respondents who used DefCARS for monitoring and analysis of reports and data. Like previously, this question was only asked of those **working within the MOD**.
- 8.11 Less than three fifths (58%) of these respondents were satisfied with DefCARS for raising queries and engaging with contractors as part of compliance monitoring. This is lower than the 63% who were satisfied in 2020.

Figure 47: How satisfied are you with DefCARS for raising queries and engaging with contractors as part of compliance monitoring?

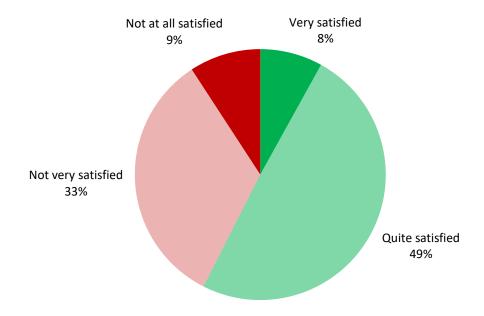


Base: All respondents who have engaged with the SSRO via using DefCARS as a platform for monitoring and analysing reports and data (Number of respondents shown in brackets)

Usefulness of data contained within DefCARS

- Respondents who used DefCARS for monitoring and analysis of reports and data were also asked how satisfied they were with the usefulness of the data contained within DefCARS. As before, this question was only asked of those **working within the MOD**.
- Just under three fifths (57%) of respondents to this question were satisfied with the usefulness of the data contained within DefCARS with less than 1 in 10 (8%) being very satisfied.

Figure 48: How satisfied are you with the usefulness of the data contained within DefCARS?²⁴



Base: All respondents who have engaged with the SSRO via using DefCARS as a platform for monitoring and analysing reports and data (87)

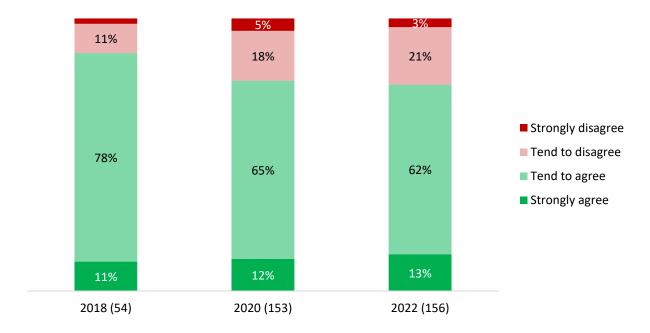
²⁴ This question was added in 2022, so there is no comparable data for previous years.

Views on guidance

Reporting and DefCARS user guidance

- Over three quarters (76%) of respondents who have used the reporting guidance and DefCARS user guide agree that it is clear and applicable which is comparable with the 2020 survey (note that the question wording has changed slightly in each survey).
- Nearly a quarter (24%) of those who have used the guidance disagree that it is clear and applicable. This is in line with the 2020 survey where 23% disagreed.
- ^{8.16} As in 2020, respondents who are **junior/other level** are more inclined to agree that the reporting guidance and DefCARS user guide for defence contractors is clear and applicable.

Figure 49: To what extent do you agree or disagree that the reporting and DefCARS user guidance is clear and applicable and helps users meet reporting requirements? ²⁵



Base: All respondents who have used reporting guidance and DefCARS user guide (Number of respondents shown in brackets)

²⁵ Question asked about 'DefCARS 2 reporting guidance and system user guide for defence contractors' in 2018 and 'reporting guidance and DefCARS user guide for defence contractors' in 2020.

In-Depth Interviews

Submitting reports via DefCARS

8.17 Several participants commended DefCARS for its user-friendliness and functionality.

"It's user friendly; they've made a lot of improvements over the last few years with things like the information transferring from report to report, but the biggest improvement was being able to copy and paste. Previously, we were keying it all in manually... So having that ability has made it very easy" (Manager, Industry [Stakeholder])

"... I think they've done everything they can to make that as efficient as possible for contractors; they have developed it and they are trying to improve that all the time. It does seem like it tries to eliminate duplication of data, it integrates certain checks, it integrates compliance into the system. It tries to create a good, holistic, self-checking system with embedded guidance. I really like what they've done with it" (Senior Manager, Industry [Stakeholder])

"It's the way it's structured, easy to input. There's also a really good checking system. If anything doesn't add up, it pulls it out straight away, so you know you made an error" (Senior Manager, Industry [DefCARS user])

"When we go on to use DefCARS, I found it was easy to negotiate with the help in the background" (Senior Manager, Industry [DefCARS user])

"DefCARS seems to work fine, it seems to find all the information... It's all very good and very helpful and provides all the information I need to understand the actual cost against the agreed price. The system itself is relatively simple... I think it's intuitive in terms of finding stuff; it's got a search function, it's set out with the different suppliers, and it puts supplier bits together. So, from my view I can see there's the supplier reports and there's the contract reports... The report structure is also laid out intuitively for me... the flow and the sections make sense" (Manager, MOD [DefCARS user])

"Within the DefCARS tool there is some guidance about what you need to fill in, and it refers back to the regulations. So, I think it's quite well structured, reasonably clear and easy to use" (Junior level, Industry [DefCARS User])

- ^{8.18} As in some of the quotations above, SSRO was also praised for listening to user feedback and making positive changes to the system as a result.
 - "... I feel quite positive about DefCARS because they have improved when we've told them that there's something that needs to be improved. They are actually listening" (Senior Manager, Industry [Stakeholder])
- Many others raised issues of concern, however, not least that the system remains somewhat unintuitive and "clunky" to use in places (when making amends to reports and needing to see what changes have been made for example) and is somewhat "overwhelming" for many users.

"We are being let down by the toolset; it's rubbish. It's shocking to navigate; like something from 1990" (Manager, Industry [DefCARS user])

"I don't think anyone's accused the system of being intuitive; it is quite a clunky system unless you're a qualified accountant or someone who's used to those tools. It is a whole new world for the average commercial officer, and I know the majority struggle with that" (Senior Manager, MOD [DefCARS user])

"DefCARS is fairly user intuitive. It's not a difficult one to use... It's quite basic in its needs, in what it asks for. But it's still quite clunky in areas, and slow in its mechanisms... [For example] it's great for when you're entering new contracts and all those things, but when you come to entering amendments to contracts, I think that's where [people] find it slightly more difficult. The system is very well set up when you're starting something brand new and fresh, but... it isn't very well set up to handle where you've got multiple changes with multiple different parameters..." (Manager, Industry [Stakeholder])

"When you have an issue with a report, the fact you then have to create a new report as a corrective report... it's a bit clunky and not particularly intuitive. It could do with being a bit slicker... because you have a report and then you have a corrective report, and the old report isn't really closed out... I would've thought when you create a corrective report, if that replaces the first report then the old report should become dormant or closed, or not applicable anymore so maybe it goes to read only" (Junior level, Industry [DefCARS User])

"It needs a clear user interface, and you need to be able to see what's wrong and where changes are made. To see it as a record. At the moment it's disjointed and impossible to navigate" (Manager, Industry [DefCARS user])

"... Many of my teams find it overwhelming rather than helpful... There's so much in there that the people whose jobs it is to go in and look at it are put off..." (Senior Manager, MOD [DefCARS user])

8.20 Other complaints were that the system is not sophisticated enough to differentiate between nuances of contracts and profit rates; that error messages are not sufficiently clear around what needs fixing; that it suffers a significant amount of down time and often 'runs slow; and that the number of reports currently required is "onerous" and possibly in need of streamlining.

"The baseline system isn't too bad these days. But I suppose it's coming back to having the expertise to anticipate the sorts of questions that people are going to ask, and then making sure that the system is geared up to collect the data... We want to be able to get separate reports on bits of a contract which use different profit rates because then we can start doing interesting things [around] what is driving profit rate behaviour... If somebody says 'what is the average profit on xxx work?', we can't answer that with the tools that are available..." (Senior Manager, MOD [Stakeholder])

"Some of the error messages are not very clear on what you need to fix. Normally it'll point you to the right tab, but it's not obvious as to why it's wrong. Sometimes it is, sometimes it isn't; it's just not consistently helpful" (Junior level, Industry [DefCARS User])

"... The system, when it works, has a lot of down time and a lot of times when it's running really slow... I would argue that there's a huge number of other software-based solutions that would do a far more effective job... The current one is not fit for purpose... I can't stress how poor the system is from a user perspective" (Manager, MOD [DefCARS user])

"I think DefCARS is a very good tool; what I would question is the number of reports. Are all of the reports entirely necessary? How are they used together, or are they duplicated? I think it would be a good idea to sit down with Industry to have a discussion, because it's not clear to me how the reports are used [because]... We can see the logic behind why the reports are being sought but we've got to a point where the reporting, from our perspective, is too onerous" (Chief Executive/Executive Director/Director General/Director, Industry [Stakeholder])

- 8.21 In relation to the latter point, another couple of DefCARS users felt that the SSRO asks for a lot of evidence that is difficult for organisations in Industry to provide for commercial and resourcing reasons. An MOD manager also said that the SSRO's reporting requirements are burdensome on them and their team; they sought discussions on how to potentially streamline the process and eliminate duplication, for the same data must currently be reported to both the SSRO and the MOD, but in "slightly different" formats.
 - "... Trying to gather statistics, gather evidence, is not necessarily possible in the timeframe... It seems like we're asked for a lot of evidence to prove what we're saying..." (Manager, Industry [DefCARS User])

"It seems like they are forever looking to get more data out of Industry... Acknowledging the cost of what they are driving and the effort that goes into it, I honestly don't think they understand... And they also need to be working with MOD to say what is it they actually want and need, because not only are we reporting this, we're then reporting and duplicating it to the MOD in slightly different formats... because MOD don't use the data that's in DefCARS, they come to us for very similar data but just slightly different" (Manager, Industry [DefCARS User])

^{8.22} Moreover, a couple of participants wanted more email notifications (one wanted alerts when their reports are due to ensure deadlines are met, and the other wanted to be informed when relevant suppliers have uploaded theirs), and another noted that:

"If you have a problem with one contract and you've not been able to report... it's the same issue, but it registers on the system as, say, 15 different compliance problems. And really its one problem that has not been solved over time. We had one contract which was converted to a QDC, and they'd not agreed to some costs before contract award, so we couldn't report what they were. And that was an issue that was an issue until we knew what they were. And on the reporting stats, I was slightly disgruntled because we looked non-compliant, but... we couldn't put the reports in..." (Senior Manager, Industry [Stakeholder])

- 8.23 Other, more specific, suggested improvements were around:
 - Ensuring supplier names are kept up to date as contracts evolve:

"The supplier names on there are essentially what they get set up as first, and they don't really change. From the rates perspective, supply business units' names often change; they merge etc. But what's on the system just seems to be what it was first set up as. Linked as part of that, as to what business unit within the supplier the rates around it are in, you have to look through on the reports to find that. It's not obvious. I don't think that it's mandatory. The supplier could put something in there, and from my perspective I wouldn't be able to go 'which business unit within the supplier are these rates actually for? Is it across more than one, is it for one?' (Manager, MOD [DefCARS user])

Having the ability to pull across information from a previous report when creating a new one that is similar:

"... At the moment, when you create a new report, you essentially have to repopulate it. Things like the company name and company addresses don't change a lot, so it would be sensible just to pull the information through and then have a check saying, 'Is it still correct?', rather than leaving it blank... Also, when you have the variants report in there, again variances typically will be similar to what they were last time... So, it would be helpful if the wording pulled through because you have to manually copy and paste every single field in every single variance, and they're building up to maybe 20 variances and each of them have five fields so you're doing 100 copy and pastes from an old report and it's not particularly productive. So, some more transfer across when you're creating a new report would be helpful" (Junior level, Industry [DefCARS User])

Preventing reports from being submitted with errors or "flags":

"It's possible to submit a report without resolving the issues... When I've been out, my colleagues have submitted a report for me and they ended up submitting it with some flags remaining, and I'm not sure if they had the opportunity to fix them or guidance to fix them. Maybe it just wasn't highlighted to the extent they realised they were there. It's not the easiest in terms of fail safes" (Junior level, Industry [DefCARS User])

Ensuring suppliers know they must update the information on the system as contracts evolve:

"I feel like there's a loop of data not checked and fed back on and it means they're less incentivised to update it. For a specific example, although technically we tell them to as part of the rates process, I'm pretty sure suppliers don't update the rates reports once the rates are agreed with us through the system. They don't go back and go, 'Ok, let's update the report', because it's never been actively pursued and that means there's a weakness in the data" (Manager, MOD [DefCARS user])

Clarity on the SSRO's role in signing off DefCARS reports:

"Because they take a neutral, impartial view and they're signing off on reports, I think it needs to be clarified as to what they're signing off on... The way they report doesn't always make clear to people who are not used to using DefCARS that it's actually the compliance they're signing off on, rather than the content of the report. I've had a number of people telling me they've signed off on the content so it's all ok and I'm like, 'No, they're just signing off that you've filled it in the way it should be filled in, not that that information is valid" (Manager, MOD [DefCARS user])

8.24 In terms of actually using DefCARS, several participants requested better and ongoing training in the intricacies of doing so.

"I know they do some kind of onboarding for new suppliers. My only feedback on that is that... it's very much an introduction to, 'This is what the system looks like and where you find different reports', not so much hand-holding, walking suppliers through, 'This is how you input and complete the reports...'" (Manager, MOD [DefCARS user])

"There's no training given on it. No super-users to be found... The feedback is always, 'This is wrong, fix it'... Tell me what I'm doing wrong so I can fix it. I don't have a clue about the feedback they send me. I have no idea what the tools are telling me, what the SRRO wants from me and no idea of what the value is of it. Why am I doing what I am doing? I lose the will to live with it" (Manager, Industry [DefCARS user])

- 8.25 Furthermore, training on how to best analyse the data contained in DefCARS to get the best out of it was suggested – as was the system itself having the ability to 'flag' any potential issues. This, it was felt, would ensure DefCARS feels less like a "data bank" and more like a repository of useful, accessible information.
 - "... Because often the people looking at the DefCARS data are not finance officers, it would be useful to have a bit more training actually analysing that data and understanding that data. It's something that takes time to go through to get the most out of it and it may be useful to have some extra training on that element" (Manager, MOD [DefCARS user])
 - "... I know they give onboarding DefCARS sessions to suppliers, but that'll just be a once off at the start... If it was a recorded 'how to' session, then you can refresh yourself on it, you can keep referencing back to it. And it should cover content and approach not just, 'This is the system, this is where things are on the system, this is what a report looks like'. Making it easy for people to use it and engage with it, that's the important bit" (Manager, MOD [DefCARS user])

"It's just a data bank. Without analysis, there's no useable data. You don't always have teams in the MOD who are analysing; some teams don't even log onto DefCARS very often. We need a useable data drop, so things that flag the issues and force people to start to look at the data in there" (Senior Manager, MOD [DefCARS User])

"I am looking for, at my level, really easy, digestible data. I almost want DefCARS to flag to me when there's an issue. All DefCARS does is give me the facts... I think when we open DefCARS we should be plugging in contract information, and then when the reports come through, DefCARS as a system can start to flag up what it thinks issues are, based on the information we fed it to begin with... At the minute, it's almost a data depository store. I'd like it to be a better tool" (Senior Manager, MOD [DefCARS User])

.... If I want to understand [a supplier's] cost between two years, on DefCARS I'd have to have the. two different years' reports open in different tabs to flick between them... Some things that for analysis are quite important, and although they're in the data in DefCARS, it's not so easy... And that's quite important, because it not being easily analysable means it won't be as useful as it should be..." (Manager, MOD [DefCARS user])

Reporting and DefCARS guidance

8.26 While the reporting and DefCARS guidance was considered clear and useful from a 'mechanical' point of view, instructions on exactly how to apply contract data into the cells of a DefCARS report were thought to be lacking. This, it was said, can lead to users inputting data inconsistently, making comparisons across Industry difficult.

"The mechanics of it are clear; 'this is how you use this element of the report, this is how you use the data'. I think where misunderstandings occur... [is around] the interpretation of exactly what's needed. So, they're clear in the mechanics requirement, they're less clear in some of the application..." (Manager, Industry [Stakeholder])

"For what it's intending to do, which is to lay out what the different reports etc. are... it does that. Once again, it doesn't really go into how suppliers should approach inputting into it [which is] sometimes flagged up or seen as a weakness by some suppliers" (Manager, MOD [DefCARS user])

"... they've got columns like engineering, or HR, but not every company will put the same things under HR for example. For example, we put training in under the department it relates to, but others will put training under HR... they need to be clear on the content of the columns... I understand that they want to have comparisons across industry but if industry are putting different things in columns then there is no comparison" (Senior Manager, Industry [Stakeholder])

8.27 Furthermore, it was again suggested that more guidance and training from SSRO on how best to analyse and utilise DefCARS data would be useful, as opposed to focusing only on functionality.

"... Since the guidance has been introduced, we have had lots of training which tells you where the buttons are on the system, which ones you can click. The guidance tends to be around, 'If you want this report then click this button' and I think there's enough of that. But there is a huge gap in skills across the organisation for people that actually know what they're looking for, for what the data is telling them, and who are able to properly analyse it... We're all struggling with this system, which means that we probably don't feel as if we're getting the level of information we require" (Senior Manager, MOD [DefCARS user])

"There's nothing, especially for delivery teams, like 'Here's how you should intelligently read through this'... There's a huge amount of data there, but that is intimidating and also it will depend on people having enough resource. So, unless they're told, 'This is how you should go through it' or 'This is how much attention should be paid to what you're looking for', then they'll do a surface level read, maybe not even understanding all of it... It's almost like having a 'key tips' thing; it's that practicability of making it more user friendly for people new to DefCARS and reporting" (Manager, MOD [DefCARS user])

8.28 One senior manager in Industry said that the reporting guidance is not detailed enough in covering how to report "difficult" issues, instead focusing only on the "simple things". They felt that:

"It could be improved by fleshing out the detail, working with contractors, finding out what they do... There's not enough of 'where are you uncertain and where do you struggle with it?'. It's more around 'where has the system not worked?' So, a bit more time trying to address those things..." (Senior Manager, Industry [Stakeholder])

8.29 The 'help with this' links on each page of the online reporting guidance were considered useful however.

"On every single page you can click 'Help with this', and it takes you directly to that section of the reporting guidance, and it provides exact instructions on what's supposed to be populated there... I would say 90% of the time, that user guidance provides me with the information I need" (Manager, Industry [Stakeholder])

8.30 In terms of possible useful additions to the guidance, timescales for suppliers when responding to queries, as well as the consequences of not meeting them, were suggested – as was clarification around why submitting information (correctly) via DefCARS is useful and important.

"There's no guidance on how long a supplier has to respond to a query. That's posed an issue to us... I raise an issue and the supplier could just ignore it. There's nothing I can do, because it's not a compliance issue, it becomes more of a contract management issue. But where do I go? What do I do? There is no remedy to that situation, other than they could just run the clock down..." (Manager, MOD [DefCARS user])

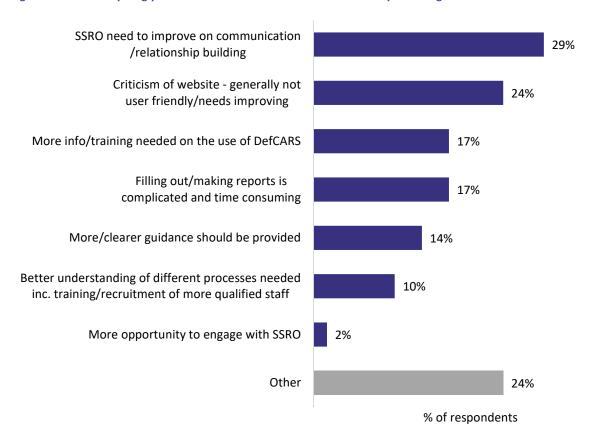
"I don't think there's any consequence for contractors not replying to a DefCARS issue. Even when the SSRO raises DefCARS issues, there's no consequence for the supplier in not dealing with them... It would be nice to see the SSRO treating it like a statutory framework... It's a bit like the police. When there's an issue, yes, I should report it to the police if I am the victim, but then the police should be the ones to take it on and enforce it. I don't think the SSRO are doing the enforcement" (Senior Manager, MOD [DefCARS User])

"More real-life examples telling you why using the system is a good idea. Otherwise, it just looks like a system you can get some information out of. There's no correlation between, 'This is why you should set things up in this way'... which means when you have an issue with the contract you can go right to the specific area and know what change would potentially be needed to actually solve contractual problems. At the moment, it doesn't give you that ability to do that, and that's fundamentally the problem because the whole point of DefCARS is so you can proactively change problems rather than wait until the end of the contract... But because we can't put our finger on those issues, it's almost impossible to do" (Manager, MOD [DefCARS user])

9. Additional Comments

- Respondents were also asked two open ended questions which enabled them to provide additional feedback on topics that may not have been covered in the closed questions. The responses to these questions were coded and the results of this coding process are presented in the charts below. Percentages will not sum to 100 as each response by a respondent can contain multiple themes and are therefore coded as multiple items.
- ^{9.2} The first question asked: *Is there anything you would like the SSRO to do that it is currently not doing?* This received 80 coded responses from 58 respondents.
- ^{9.3} Of the valid responses, around 3 in 10 (29%) refer to the SSRO needing to improve on its communication, around a quarter (24%) of comments contain criticism of the website and its useability, and under a fifth want more information and training on the use of DefCARS (17%) and find filling out/making reports complicated and time consuming (17%).

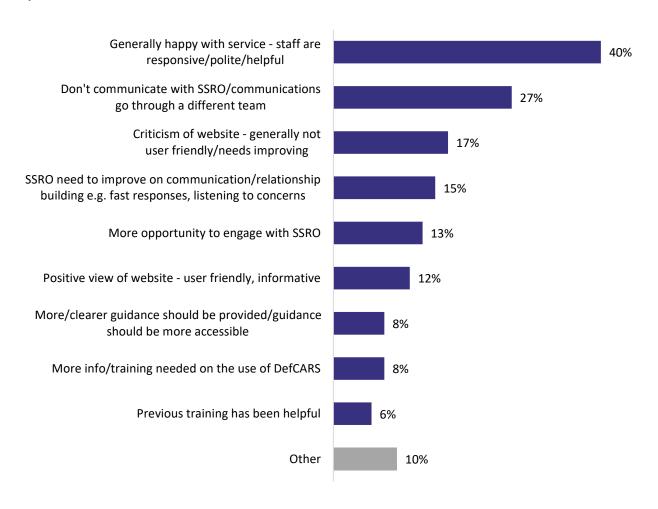
Figure 50: Is there anything you would like the SSRO to do that it is currently not doing?



Base: All respondents who stated an answer (58). Number of responses (80).

- ^{9.4} The second open ended question asked: *Is there anything additional about your relationship with the SSRO or the way that it operates that you would like to say?* This question received 81 coded responses from 52 respondents.
- Two fifths (40%) of the coded comments were generally happy with the service provided by the SSRO and its staff and over a quarter (27% 38% MOD; 19% Industry) highlight that they don't communicate with the SSRO. As with the previous open question, the most common criticisms of the SSRO focuses on its website (17%) and on communication (15%).
- Other comments include wanting more opportunity to engage with the SSRO (13% 21% MOD; 4% Industry), expressing a positive view of the website (12%), wanting clearer guidance (8%), wanting more training and information on using DefCARS (8%), and highlighting that previous training had been helpful (6%).

Figure 51: Is there anything additional about your relationship with the SSRO or the way that it operates that you would like to say?



Base: All respondents who stated an answer (52). Number of responses (81).

10. Conclusion

Areas of high performance

^{10.1} Looking at the Key Performance Indicators referenced throughout the report, 6 of the 9 targets were exceeded.

Table 31: High scoring Key Performance Indicators

КРІ	Measure	Target	Performance
1 c	Stakeholders are satisfied with assistance provided by the SSRO.	90%	96%
2 a	Stakeholders solve single-source problems aided by or using the solutions identified by the SSRO	Pass	Pass
2d	Percent of stakeholders who agree SSRO's pricing guidance is useful in agreeing contract prices that support VFM & fair and reasonable prices	75%	82%
3a	Users find reporting guidance clear, applicable and helps meet reporting requirements	75%	76%
3b	Percent of stakeholders who agree the SSRO's pricing guidance is clear and applicable	85%	88%
5a	Stakeholders consider the SSRO engages well	90%	93%

- ^{10.2} Other areas of high performance are covered below and overleaf.
- ^{10.3} Over 9 in 10 respondents involved in a referral agree that the SSRO engages effectively throughout the referral.
- Over 9 in 10 respondents who accessed assistance and support when they entered into a QDC or QSC were satisfied with the assistance and support provided by the SSRO when first entering into one.
- 9 in 10 respondents rate the SSRO's overall performance as good over the last 2 years. DefCARS users, and those in management or junior/other level roles as well as those with 2-3 years involvement with SSRO are more inclined to rate the overall performance of the SSRO over the past 2 years as good.
- ^{10.6} Over a third of respondents would speak highly of the SSRO a five percentage point increase on the 2020 survey.
- Over 9 in 10 respondents agreed with each of the four statements about SSRO staff (staff work effectively and professionally; staff are approachable and easy to work with; there is sufficient continuity in the people I deal with at the SSRO; and SSRO staff listen to me). All these measures have seen an increase since the 2020 survey, with particularly notable increases in the statements: staff are approachable and

- - easy to work with (increased by 6 percentage points) and SSRO staff listen to me (increased by 8 percentage points).
 - 10.8 All respondents who have used the SSRO helpdesk were satisfied a notable 6 percentage point increase from 2020.
 - 10.9 Over four fifths of respondents who have visited the SSRO website find each of the sections they have visited useful/informative. The proportion of respondents who find each section of the website useful/informative has increased in 5 of the 8 sections that were comparable with the 2020 survey, with the increase regarding the research and statistics section of the website being particularly notable (18 percentage points).

Areas for improvement

10.10 Three KPI's did not reach the target percentage set. All these KPI's measured attitudes towards different aspects of the DefCARS system, meaning there is clearly room for improvement here.

Table 32: Low scoring Key Performance Indicators

КРІ	Measure	Target	Performance
4d	Percent of MOD users satisfied with the usefulness of DefCARS data	75%	57%
7a	Percent of users satisfied with DefCARS as the platform for submitting reports	75%	72%
7b	Percent of MOD users satisfied with DefCARS as a tool for monitoring and analysing reports and data	75%	58%

- 10.11 Of the respondents who had engaged with DefCARS, around 4 in 10 were not satisfied with DefCARS as a platform for monitoring and analysing reports and data, not satisfied with DefCARS for raising queries and engaging with contractors, and not satisfied with the usefulness of the data contained within DefCARS. Furthermore, around 3 in 10 were also not satisfied with DefCARS as a platform for submitting reports.
- 10.12 Similarly, of the respondents who accessed the DefCARS guidance, nearly a quarter disagreed that the reporting guidance and DefCARS user guide for defence contractors is clear and applicable. This had a higher percentage who disagreed compared to all the other forms of guidance. This percentage is also larger than it was in 2018 and 2020.
- 10.13 There has also been a decline in how much respondents understand the role of the SSRO between 2020 and 2022. Over three fifths of respondents feel they understand the SSRO's role and what it is aiming to achieve, this is 6 percentage points lower than in the 2020 survey and 14 percentage points lower than in 2018. However, it should be pointed out that over 70% of respondents to this survey were DefCARS users who tend to have a more limited exposure to SSRO and what they do.
- 10.14 Just under 6 in 10 respondents agree that the SSRO is agile in its approach to making changes and improvements, this is by far the lowest percentage of all the SSRO's values.

- ^{10.15} While more respondents' opinion of the SSRO has improved over the last 2 years than worsened, it is noteworthy that over 3 in 20 stakeholders reported that their opinion of the SSRO is less favourable than it was two years ago, twice as high as the overall percentage.
- ^{10.16} The responses to the open questions also highlight potential room for improvement concerning the useability of the SSRO's website and the SSRO's communication and relationship building with its stakeholders.

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